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SOCIAL CAPITALISM

A STUDY OF CHRISTIAN DEMOCRACY AND THE POST-WAR SETTLEMENT OF THE WELFARE STATE

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PREFACE

Christian Democracy has attracted surprisingly little scholarly attention. Whereas studies of Social Democracy could easily fill a small library, monographs on the Christian inspired movements of Western Europe would probably scarcily stuff an entire book-shelf. Given the political importance of Christian Democracy such lack of concern with the phenomenon is quite perplexing. In the course of my studies I have noticed that occupying oneself with Christian Democracy out of intellectual curiosity tends to titillate skepticism on the side of those who never seriously thought about the topic. One has frequently doubted my 'real' motives. Every time I presented my work somebody felt obliged to ask whether I was perhaps religious myself. Apparently, it is difficult to imagine that Christian Democracy can be an intriguing object of study in itself. One does not have to believe in the Christian Democratic project in order to study it, just as one does not have to be a fool to study madness. The most cordial reaction I ever got was when someone praised my courage to tackle the topic, probably contending that masochism is a prerequisite for martyrdom. One can envisage that explaining my thesis as one relating Christian Democracy and the welfare state has not been an easy matter either. The possibility of the connection seems to be excluded. Christian Democracy inhibits a happy life for all, that is common wisdom. But how do we know? Let us wait with value judgements until knowledge permits us to assess the movement's shortcomings properly.

Fortunately, the academic entourage of the European University Institute has provided me with an intellectual environment where my attempt to make sense of Christian Democracy and the welfare state was more than encouraged. Here I have come across very little prejudice. The Institute's openness and its international character have given me a unique opportunity for carrying out this study. I am grateful to the Dutch Ministry of Education and the European Community for providing me with the grants that allowed me to write this dissertation and survive financially.

If altruism and generosity have lost much of their content in contemporary personal relationships, my supervisor and friend, Gosta Esping-Andersen, has certainly made a great effort to refresh the genuine meaning of the concepts (and note that - unlike charity- altruism does not imply the submission of the recipient to the benefactor). His influence on this study is unmistakable and I do not regret it for a moment. It is certainly not a 'bad idea' to ask under what conditions some do and some

don't. I thoroughly disagree with him on only one minor detail. The first rule of sociology *is* 'everything took longer'.

The initial idea for this study was conceived when I was at the political science department of the University of Amsterdam. I wish to thank Uwe Becker for making me aware of the fact that Dutch exceptionalism may be as much due to the peculiarities of this nation as to the hidden assumptions of theories of the welfare state. He taught me the importance of a critical spirit. The collaboration with Dietmar Braun has contributed much to my understanding of Christian Democracy and the original research proposal was a direct result of a seminar on Christian Democracy that we held in 1986-1987.

During my stay in Florence, I participated in several seminars where I was given the opportunity to present the preliminary results of my research. I wish to thank all the participants for their efforts to read and comment upon my usually too wordy papers. If you read this work carefully you will certainly recognize bits and pieces of your own remarks. My friend Zina Assimakopoulou deserves special mention. Together we found out how tedious empirical research can be.

Bep and Corry, my parents, have contributed to this work in their own peculiar manner. I'll show my gratitude on one of the few occasions that we will all be back in the Netherlands. Of course I should also thank my wife, Inger Stokkink, but I already did that yesterday and today, and I will do so again tomorrow.

CHAPTER 1

CHRISTIAN DEMOCRACY AND SOCIAL CAPITALISM:

AN INTRODUCTION

"In order to overcome today's widespread individualistic mentality, what is required is a concrete commitment to solidarity and charity, beginning in the family with the mutual support of husband and wife and the care which the different generations give to one another" (Centesimus Annus)

Christian Democracy fosters a distinctive welfare state regime. This is perhaps the shortest way of summarizing the central thesis of this dissertation. The aim of the study is to contribute to our knowledge of the phenomenon of Christian Democracy as well as to our understanding of the manner in which this movement has shaped the societal configuration of market, state and family. This double object of the study is a consequence of trying to clarify a relationship. Yet, there is a more substantial reason for it, too. What I claim is that what is distinctive about Christian Democracy is distinctive about the Christian Democratic welfare state regime. It is the theory and practice of social capitalism that not only distinguishes this movement from other political actors (notably Social Democracy), but also to a large extent explains the specific character of the welfare state regime of nations such as Germany, Italy, and the Netherlands. Parallel to the Social Democratization of capitalism in the Nordic countries, one might disclose a form of 'Christian Democratization' of capitalism in nations on the European continent.

I use the term 'social capitalism' to denote Christian Democracy's project and practice of social reform. As with the notion 'welfare capitalism' it refers to a specific institutional arrangement of social intervention. In this sense it is my idiosyncratic adaptation of Hartwich's (1970) and Schmidt's (1985) use of the term[1]. Social capitalism synthesizes a basic commitment to capitalist market relations and a readiness to correct its detrimental effects. Social policy is primarily conceived of as a safety-net. It intercepts those who are in imminent danger of being crushed by the logic of the market. There exist three recognized sub-systems of society. First, the imperfect market, which can only be marginally altered and for which collective arrangements

1) Nanetti (1988) is another author who uses the term explicitly. She, however, sees social capitalism as a phase of the Italian welfare state in which public policies are formulated for the creation, support and pervasive distribution of private wealth by sub-national governments.

of care must be created. Secondly, the state, which is the institution through which funds are transferred to those who need assistance to help themselves. Third, the family, which is the atomic unit to which social rights are attached. Social capitalism differs from the Liberal model in that it refuses to view the individual as the elementary unit of society and in that it accords the state an extensive role as 'subsidizer' of deficiency -both of the market and of the family. It contrasts with the Social Democratic model in that the state cannot and should not intervene (or only modestly so) in the market mechanism itself and in that it is reluctant to attach rights to citizens as citizens. Social capitalism, then, is the specific arrangement of market, state and family by which resources produced in the private economy are channeled to families that fail to secure their means of income themselves. Under what conditions and to what extent Christian Democracy explains this phenomenon is the leading question of this study.

This dissertation is not on *the* welfare state, but on a specific type of welfare state regime. I do not simply defend the thesis that Christian Democracy is related to welfare statism as such. The use of the particle 'the' is generally a misnomer. There are welfare states and only a few of these fundamentally comprise the aims of solidarity and universalism. Nevertheless, the idea of 'the' welfare state is so firmly established that it seems difficult to think of a plurality of forms rather than of a variance in 'effort'. It is such a preconception that makes one argue that "the fully, generalized, comprehensive welfare state most closely embodies institutionalized solidarity" (Baldwin 1990: 29). The very vocabulary ('fully', 'generalized') reveals the shared fixation of so many a study in the field on the Social Democratic model. As a result, other specimens automatically tend to become 'less' rather than distinctive as measured against such a Social Democratic archetype.

Still, my view on the political determinants of welfare statism and on the manner in which to single out Christian Democracy as an explanatory variable is strongly influenced by the Social Democratic paradigm. My use of the very concept of social policy or welfare state regime as a nation's specific pattern of state, market and family illustrates my indebtedness to recent elaborations and improvements of the model (Esping-Andersen 1985b; 1987; 1990). I have come to realize that studying the qualitative differences in the social policy arrangements of nations may be a fruitful

way for analyzing the political economies of these nations and their social and political determinants. Besides, it may teach us something about the nature of political movements.

It has become increasingly clear, however, that the Social Democratic bias - although perhaps particularly apt for the Scandinavian experience- has inhibited a thorough understanding of the welfare state regimes of continental Europe. As I will show in the following pages the inability of dealing with 'exceptional cases' has as much to do with the Social Democratic bias and the exclusive focus on social spending as with the mistaken *a priori* interpretation of Christian Democracy as a bourgeois, conservative or centre party. True, one should be careful not to discard the social interpretation of the welfare state completely and replace it by, say, a state-centred approach, or worse, by a Christian Democratic bias in the research. I do not want to overstate my case and I fully agree with Baldwin that what is needed is "a refinement, not an abandonment, of a social interpretation of social policy (...). If an account of welfare policy in terms of its societal bases is to be worth pursuing, it must develop a logic of social interest with a broader applicability, both temporally and geographically. The search for the social bases of the welfare state is far from over" (Baldwin 1990: 49).

This dissertation has a much narrower scope. I do not claim in any sense to analyze the social bases of the welfare state, let alone that I would attempt to explain why and when some nations adapted solidaristic policies, where and when others did not. My aim is to specify the character and political determinants of what Esping-Andersen (1990) has called the conservative and corporatist-statist regimes of continental Europe, but which I prefer to refer to as the cluster of social capitalism. I try to do this by clarifying Christian Democracy as a distinctive political movement and by studying the relative role of Christian Democracy in the shaping of this welfare state regime.

An Outline

What is distinctive about Christian Democracy and social capitalism? This is the subject matter of the first part in which I make a case for the existence of a distinctively Christian Democratic (although mainly Catholic) theory and practice of social capitalism. This part offers reflections of a more theoretical nature and evaluates the history of political and social ideas of organized religion within the present framework.

The first chapter of Part I (Chapter 2) considers two possible objections against the thesis of Christian Democratic distinctiveness. The strongest argument against my conjecture would be that there is nothing particular about Christian Democracy at all. One variety of this claim holds that Christian Democracy is a pragmatic and opportunistic movement of which the political party in particular lacks a well-defined ideology. There are two main replies to this assertion. First, critics of the thesis of distinctiveness tend to underestimate the difficulty of delineating the centre of politics. The second reply holds that even if it were possible to define the political centre unambiguously, then the claim of Christian Democratic distinctiveness could still be defended. For the middle position searched by Christian Democracy is inspired by distinct principles, such as integration, accommodation, reconciliation, pluralism, and 'subsidiarity'.

A second, more significant, objection to the distinctiveness-thesis holds that Christian Democracy is a catch-all party and that electoral competition forces it to optimize votes. I shall argue that the catch-all thesis has only limited analytical value for Christian Democracy because of the peculiarity of religion as an electoral mobilizer.

The second chapter of Part I (Chapter 3) broadly deals with the question whether Christianity can be argued to be related to the (or a) welfare state at all. The answer is a conditional yes and I elaborate three arguments. The first argument states that modern Western society is shaped by its own religious heritage. Christianity is intimately interwoven with the constitution and character of modern industrial society and therefore with welfare capitalism. The second argument is a specification of the first and holds that there are certain foundational values embodied in the welfare state that originally derive from Christian ethics. The Christian origins of these ethical

precepts may have become imperceptible, but their content is still operative, although not in all nations with the same vigor and impact.

These arguments are of a too generic nature to be able to establish distinctiveness and one must therefore be more precise. Elaborating the idea of a 'theological dimension' of social policy, the third argument holds that charity (with its one-sided emphasis on the Christian obligation to give) as a Christian maxim became crystallized in social capitalism through the social Catholic reformulation of charity as social justice. Drawing upon a discussion of Weber's thesis on the association between the Protestant ethic and the spirit of capitalism and appreciating the insights of the debate this thesis provoked, I formulate a hypothesis about the decisive difference between Protestantism and Catholicism with respect to their attitude towards capitalism and reform. I argue that Catholicism (the social movements of this creed in particular) has been successful in formulating a social critique of capitalism, which largely founded the model of social capitalism.

The thesis on the social Catholic reformulation of charity as social justice and Catholicism's foundational theory of social capitalism make the problematic of the dissertation more specific in three ways. First, it restricts the generic association between Christianity and the welfare state to a possible correlation between welfare capitalism and a particular form of organized religion. Second, such a confinement suggests that there is not so much a general linkage between religion and the welfare state but rather between religion (here Catholicism) and a specific version of the welfare state. In other words, the thesis becomes more precise on the side of the dependent variable, too. Third, and this is a corollary of the first two, the thesis is more distinct in that it ultimately directs the focal point of the research to a limited number of nations.

In the third chapter of the first part (Chapter 4) I deal with the origins of Christian Democracy and social capitalism and I treat these as two aspects of the same history. Modern Christian Democracy springs from two main sources. Political Catholicism is the first historical ancestor to be mentioned. It must be understood as an effect of the problematic relationship between the Catholic church and the state in the nineteenth century. The main reason for political action was the attempt to redefine the relationship between the Catholic church and the Liberal constitutional state. The

French Revolution of 1789 accelerated the already ongoing process of secularization and the social and political position of the church was severely weakened. Political Catholicism addresses the changing role and status of the church after the French Revolution in nineteenth-century Europe.

The second origin of Christian Democracy, social Catholicism, may be introduced in a similar way as political Catholicism. Here the main reason for action resulted from the problematic liaison between the capitalist mode of production and the Catholic church. Its essence consisted of what may be defined as two interrelated problems of ordering. First, social Catholicism relates to the ordering of the church as a social institution into modern industrial society. It is an attempt to update the organizational momentum of the Catholic church in society. Secondly, social Catholicism is also the attempt to integrate the working class into the church, or - reformulated in a slightly different way- it is the attempt to integrate the working class or 'the poor' as Christian citizens into modern industrial society. It is here that one finds the attempt to redefine charity as social justice as well as the foundation of the theory of social capitalism. The transformation of charity into a theory of social capitalism was part of a political strategy to 'conserve' workers as workers within the religious community and the religious community within bourgeois, secular society. An important finding is that whereas social Catholics throughout Europe (and in Germany in particular) succeeded in translating the medieval heritage into a more or less workable conception of social policy under capitalist conditions, the Vatican ideologues largely failed to do so. The official Roman Catholic social doctrine is interpreted along these lines.

The origins of Christian Democracy and social capitalism can be defined more precisely as follows: Christian Democracy is the result of a historical coincidence of Liberal political Catholicism and social Catholicism. The theory of social capitalism functioned as the cement of this construction. The chapter concentrates on the manner in which political Catholicism has come to terms with democracy and the manner in which social Catholicism has successfully defined and refined a social critique of capitalism that facilitated a specific version of state intervention in the market on behalf of the family.

I am primarily concerned with those countries where Catholicism can be expected to have had a profound political influence. Either directly, through its social and political movements (as in Wilhelmine Germany and the Weimar Republic, in pre-Fascist Italy, in Belgium and the Netherlands, in France and Austria) or, more indirectly, as the main driving force behind the establishment of the Christian Democratic movements of Western Europe in the post-World War II era. Post-war Christian Democracy, of course, is to a certain extent also characterized by its attempt to transcend the borders of denominations and to accept inter-Confessionalism as an organizational principle.

Part II of the dissertation deals with Christian Democracy and welfare capitalism in a more empirical manner. The leading questions structuring this part are: to what extent can a social capitalist welfare state regime be identified empirically and under what conditions and to what extent does Christian Democracy explain the social capitalist welfare state regimes of continental Europe? The first chapter of this part (Chapter 5) presents a constructed type of social capitalism as Christian Democracy's welfare project, as can be derived from the analysis of the theoretical and practical development of political and social Catholicism in the nineteenth and early twentieth century as well as from official Papal social documents. Such a constructed type is of course an abstraction from reality, but working with it has two main advantages. First, it symplifies the contraposition to and comparison with other well established models, notably the Social Democratic model. It makes clear what is distinctive about social capitalism. Secondly, one might be able to detect the deviations from the constructed type in the social policy practice of Christian Democracy in the post-1945 period. It is a matter of empirical research to establish the extent to which Christian Democrats have been successful in carrying out their proposals and the conditions under which this was done. The constructed type allows for a better understanding of cross-national variation among the nations where Christian Democracy has been a salient political actor, too. To put it differently, the double task of this study is to make plausible the uniqueness of the social capitalist cluster while keeping an open eye for the variation among the nations that make it up.

In this chapter I suggest five main propositions. These concern 1) the conditional recognition of capitalism; 2) the scope and limits of state intervention; 3)

a specific theory of class; 4) a no less unequivocal notion of inequality; and 5) the idea of the just wage and the role of the family in economy and social policy.

The second chapter (Chapter 6) of this part evaluates the explanatory efforts of the various 'schools' that have come out of the decades long and still continuing debate on the welfare state. In general, I am not particularly satisfied with the manner in which the vast body of literature has treated the relative role of Christian Democracy in the shaping of distributional regimes. The main 'schools' have only dealt with the matter marginally, if at all. The Christian Democratic welfare state appears a residual of mainstream social scientific analysis.

Probably the best established research agenda on the political determinants of the welfare state and the candidate most likely to be of direct relevance for the present argument are those studies that can be grouped under the heading of the Social Democratic model. The leading hypothesis of the model is that "the bulk of the observable variation in welfare state emergence and growth in the western nations can be accounted for by the strength -especially in government- of social democratic labour movements" (Shalev 1983a: 316).

The interesting finding is that it was out of this Social Democratic model that the first attempts evolved to question the relative role of Christian Democracy (or Catholicism) in the shaping of welfare regimes. This is because time and again, inexplicable exceptions to the rule of Social Democratic working class strength were found in the empirical analyses and these exceptions invariably concerned countries like Belgium, the Netherlands and sometimes Germany or even Italy. Additional explanations had to be sought and were often found by hypothesizing the influence of a variable representing 'Catholicism'. Yet, a serious reflection upon the possibly distinctive influence of Catholicism or Christian Democracy on the welfare state has been conspicuously absent. Partly this may have to do with a serious flaw of many an inquiry: the theoretically unsatisfactory conceptualization of the welfare state in terms of social spending. One must seriously doubt whether such an operationalization is able to clarify the institutional configuration of welfare statism at all. In fact, the spotlight on spending often conceals relevant qualitative differences both in structure and in outcome. It has also led to a misspecification of the political impact of Christian Democracy. What really matters in the present context is the extent to which Christian

Democracy can be hypothesized to determine variation in the qualitative arrangements between market, state and family.

Another weakness specific to the Social Democratic model is the application of a presupposition that is theoretically untenable and empirically problematic, namely the equation of working class power and Social Democratic power. It is this fundamental assumption that makes it so difficult to consider the relative and independent role of Christian Democracy. Christian Democracy can only take the role of 'filtering' labour demands, which would otherwise be Social Democratic in nature. Labour appears to have 'autonomous' social-policy needs that would normally lead to Social Democratic power mobilization concentrating around the goals of solidarity, equality and universalism, unless these demands are 'filtered' and 'interpreted' (and implicitly assumed to be 'distorted') by other movements, notably Christian Democracy. A hypothesis on the relative importance of Christian Democracy versus Social Democracy in shaping certain characteristics of welfare arrangements is very hard to formulate within the vocabulary of the Social Democratic paradigm.

The fact that in history it frequently occurred that wage earners organized themselves in Social Democratic or Socialist movements cannot be taken to constitute the normal course of working class mobilization. The thesis is that this historical regularity of Social Democratic mobilization is not a standard from which, for example, Christian Democratic political forces of wage labour would be a 'deviation'. A Socialist or Social Democratic labour movement is not *a priori* to be valued higher than its Christian Democratic counterparts in its social capacities (see Van Kersbergen and Becker 1988). What is central is the conceptualization of the power of wage earners other than in terms of Social Democratic mobilization and the effect of the Christian rather than Social Democratization of capitalism. Christian Democracy organizes the very conflict between wage-labour and capital within the movement and thereby structures the politics of the antagonism in a different manner. As I will argue, Christian Democracy is the -sometimes perhaps precarious- embodiment of societal accommodation. The incapacity to view Christian Democracy partly as an articulation of labour demands, too, is by and large the reason for its recurrent misspecification. To a certain extent the inability to make sense of the Christian Democratization of capitalism is therefore an effect of a misunderstanding of the movement. Drawing upon

the results of the first part of the dissertation, the main independent variable of the study (Christian Democracy) is thus specified.

The third chapter of part II (Chapter 7) embarks upon a cross-national analysis of welfare state regime data on 18 OECD-countries, concentrating on the social capitalist cluster. Here I offer a specification of the five propositions of Chapter 5 and formulate four complexes of hypotheses that can be tested against available data. These hypotheses concern (1) anti-capitalism and social reform; (2) subsidiarity and its expected consequences; (3) class and the reproduction of natural inequality; (4) the relative importance of the family in the wage-tax-benefit structure of distributional regimes and the position of women in particular. I show that the central thesis of this dissertation is plausible when subjected to empirical testing in that the major hypotheses derived from this thesis cannot be rejected. I also find that among the social capitalist nations of main interest considerable variation exists as to the various indicators I construct. A more detailed analysis of these nations is called for.

The third part of this study, therefore, offers an account of the political histories of the welfare states of Germany (Chapter 9), Italy (Chapter 10) and the Netherlands (Chapter 11) and the relative role of Christian Democracy in shaping the respective regimes. In particular, I clarify the conditions under which post-war Christian Democracy came to power and the extent to which these conditions explain the heterogeneity of social capitalism in these nations. Dealing with Christian Democracy, the focus on structural and contingent conditions assumes a specific meaning. I claim in Chapter 2 that the distinguishing features of Christian Democracy imply that the movement -although centering around a common core- is always in principle (by virtue and by necessity of the self imposed political position) 'bipolar' (or rather 'multi-dimensional'), 'flexible' and in possession of a highly developed capacity to adapt in its attempt to formulate a compromise of antagonistic interests. Christian Democracy as the embodiment of societal accommodation renders definite statements as to *precise* historical social capitalist compromises complicated. Studying the conditions is vital for understanding the specific historical character of a Christian Democratic movement and therefore of any historically specific variant of social capitalism. Christian Democracies have a common social theory around which they fluctuate in social and political practice.

The choice of the countries can be further justified as follows. Italy is a relevant case, because it is -as opposed to Germany and the Netherlands- the only nation where Catholicism has been the religion of the majority of the population and where Christian Democracy is exclusively Catholic in nature. Germany and the Netherlands, on the other hand, are both variations of what Martin (1978) has called the 60-40 proportion of religions. In these countries Catholicism constitutes a large and significant minority. However, in Germany Christian Democracy was established almost immediately after the war as an inter-Confessional movement, integrating Protestantism, too, whereas the Dutch Christian inspired forces remained divided into three major Confessional parties until the mid-1970s. The possible consequences of these similarities and differences are studied.

Part II and Part III of this study mainly focus on the first decade or so after the Second World War as the most apt manner for advancing the argument. Let me briefly justify this choice. The period until roughly 1960 can be described as the phase of the 'post-war settlements' of welfare state regimes (Berben et al. 1986). It was in these years that the foundational decisions were taken as to the configuration of market, state and family in the countries of main interest. I would defend the position that a thorough understanding of the conditions under which both Christian Democracy and social capitalism emerged and took shape is indispensable for an account of the logic of expansion of the regime and of the historical fate of the political movement. One could, for instance, claim that institutional arrangements -once in place- tend to develop a certain resistance to fundamental change and 'mature' according to their own institutional logic. Such settlements, in other words, may become structurally inert. Subsequent expansion may be incremental in the sense that it follows the structural prerequisites of the initial foundation. The implication of this is that if one looks at the contemporary regime of social capitalism some of its basic features may still exist or their modifications would have to be explained with reference to their origins.

An account solely in terms of structural inertia or incrementalist logic, however, is not entirely satisfactory, because it accords too abstract a capacity to endure to structural features of societal arrangements and underestimates the importance of societal actors and struggles. Besides, a theory of structural inertia alone would meet

definite limits in an attempt to account for transformations that do occur. No doubt, contemporary social capitalism is the product of its own history, but history is made by societal and political actors continuously shaping and reshaping the conditions of their own survival. Giddens' (e.g. 1979; 1984) concept of the 'duality of structure' as the medium and outcome of action[2] seems to capture the problem quite precisely in theory, but does not solve the problem for the researcher. Perhaps one way out of the 'perennial dilemma' of structure versus action (Lukes 1977; see also Barbalet 1987; Ward 1987) might consist in analytically distinguishing the structural properties of social capitalism and viewing these, in turn, as potential power resources for Christian Democratic power. Christian Democracy, involved in the constitution and structuration of social capitalism develops an interest in the preservation of some and the transformation of other structural characteristics as preconditions for its own endurance. In other words, one could look upon the structural properties of social capitalism as a form of investment of power resources (Korpi 1985). The extent to which the movements are successful in producing a plurality of independent power moments determines the capacity to endure under unfavourable conditions.

The advantage of such a view is that it allows for the conceptualization of power in relational terms and in terms of enabling properties. Power, then, is the ability of an actor to control outcomes over issues that affect interests (Lukes 1986)[3]. It is an ability within the context of structured relations with other actors who have analogous but not identical abilities. Power is fundamentally a dispositional concept (Morriss 1987). The element of conduct can be appreciated as follows. Social and political actors, as purposive and intentional agents -whether collective or not- mobilize and utilize, exploit and manipulate, consume and sometimes exhaust, apply or save,

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2) The main point of the concept is that structural features of social systems are part and parcel of action. It is because of the continuous (inter)action of social actors that structural properties are produced and reproduced. Structure, then, refers to the rules and resources of action. Giddens distinguishes between material and non-material resources, the former deriving from human domination over nature, the latter form the domination of some actors over others (see for an overview of the central concepts of the theory of structuration, Giddens 1984: 373-77).

3) The concept of interests is critical to Lukes' (1974) definition of the three-dimensional view. I agree that including a notion of interests in the definition of power is necessary for otherwise power would refer to any ability in the social realm. To identify or to ascribe power involves the identification of interests. The elaboration of 'real interests', however, remains problematic. See for a critical assessment, Bradshaw 1976, and Lukes' reply (1976).

resources in order to increase their ability to control interests and thus to enhance their capacity to survive.

Social capitalism and Christian Democracy are to a certain extent mutually dependent entities. The structural properties of social capitalism can be viewed as both the outcome and the resources (or medium) of Christian Democratic power mobilization. A corollary is that the possible transformation of social capitalism -say under conditions of increasing secularization, individualization, sociostructural change, increasing strength of political contenders- may erode some of the invested power resources of Christian Democracy. In the chapters on Germany, Italy and the Netherlands, I therefore occasionally advance the argument beyond the confines of the period of post-war settlements to address these issues empirically and historically. Nevertheless, the focus remains on the period until 1960.

PART I

OBJECTIONS, THEORIES AND DEVELOPMENTS

PART I

QUESTIONS, THEORIES AND DEVELOPMENTS

CHAPTER 2

CHRISTIAN DEMOCRACY AND DISTINCTIVENESS:

POSSIBLE OBJECTIONS

The central thesis of the dissertation first hinges on the argument of distinctiveness of Christian Democracy vis-à-vis Social Democracy (and -to a lesser extent- Liberalism). In this chapter I reflect upon Christian Democratic idiosyncracy. The postulate is that Christian Democracy possesses its own political ideology, follows its own political strategies, and affects the configuration of market, state and family in its own peculiar manner. I shall argue that what is commonly viewed as the movement's main defect - its pragmatism, opportunism- is actually its major strength. Such criticisms are the effect of the movement's main ideological properties, which are incarnated in the core of the idea of social capitalism.

I should first deal, then, with the reverse of my presumption, namely that Christian Democracy is not in any sense particular; that it is fundamentally a movement without a well-defined system of beliefs. The political party would normally go for 'the average' in politics and would always seek to establish itself in the middle of the political and ideological spectrum. In short, it is a party for the 'Mittelstand' in every sense. My response to these claims is twofold. First, it is not at all clear what constitutes the centre of politics. Such a centre, if it exists at all, is not a trans-historical datum, but a contingent outcome of the cleavage structure of a society and of political struggle. Moreover, Christian Democracy itself is one of the factors continuously shaping and restructuring the centre of politics. This leads me to the second reply. Perhaps one could come up with a consistent demarcation of the centre. This, however, would not necessarily make Christian Democracy an amorphous and nebulous lot. For the middle position explored by Christian Democracy is animated by a particular set of axioms that guide political action. The core concepts of its political theory are integration, reconciliation, accommodation, pluralism, and 'subsidiarity'. What these conceptions have in common is perhaps not a lucid substance, but a method that makes substance to a certain extent dependent on historical circumstances.

Conceivably a stronger objection to the distinctiveness-thesis would be that Christian Democracy is a catch-all party, which deliberately dilutes its ideological heritage in order to maximize votes. The reply to this objection would be that Kirchheimer's (1966, originally 1957) formulation of the catch-all thesis has only limited analytical value for Christian Democracy. If Christian Democracy is not just a political party but -more realistically- can be viewed as a political movement, then

it is not just the logic of electoral competition that determines political agency. Furthermore, religion can be argued to be the vehicle by which Christian Democracy has been able to acquire cross-class support for its model of social capitalism. Religion has been the means by which it has managed to avoid a dilemma which Przeworski (1985) has investigated as the electoral trade-off of Social Democracy. Both objections to the distinctiveness thesis deserve a more detailed discussion.

Objection 1: Christian Democracy as a Party of the Centre

Students of Christian Democracy tend to agree about a proclivity of their object of analysis 'to be in between' something, to occupy some position 'in the middle', to inhabit some abstractly defined political 'centre'. The use of vague phraseology is intentional, because it is not at all clear what constitutes or defines the 'centre' or the 'middle'.

As early as 1948 it was argued that within the political constellation of Western Europe a third political force was developing (Almond 1948). By this term the parties and movements of the moderate centre were understood. To the right of the third force there were the Conservative Nationalists and to the left were the Communist parties that "carry out the orders of Moscow and the comintern" (Almond 1948: 30). It was considered to be to the American interest "in both a moral and expediential sense to govern its foreign policy so as to foster these movements of the centre" (Almond 1948: 31)[1]. Of the various movements that made up the third political force in Western Europe the 'Christian parties' were viewed as the largest and most important. Within this relatively new political phenomenon of Christian Democracy, however, five ideological colours could be detected: 1) the Authoritarians, 2) the Conservatives, 3) the Traditionalists, 4) the 'pure' Catholic Democrats and Moderate Collectivist, and 5) the Catholic Revolutionaries. On this account, therefore, Christian Democracy constituted a party system on its own, uniting the whole political spectrum from the (moderate) Left to the (non-extreme) Right under the heading of 'Christian' and democracy.

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1) In the third part of this treatise I show the relevance of this American 'nourishing' of the 'centre'.

Christian Democracy is "no more than a manifestation of the eternal search for a middle way between Liberalism and collectivism, between capitalism and Communism, -with a bias (...) in favour of capitalism and Liberalism" (Irving 1979: xviii). Christian Democratic movements and parties seem "only soundings of the time and change with historical changes. There is nothing like program in the sense of *Communist Manifesto*, based as it is on belief in a foreseeable historical process" (Maier 1969: 10). Christian Democracy rather aims at "the self- assertion and preservation of Christian values in any of the constantly changing and therefore unforeseeable historical situations; in this sense it is more reactive than active" (Maier 1969: 10). The encyclical letters of the Popes -as far as they contain any guidance for social and political action-, for instance, are inherently vague and formulated in general, even abstract and philosophical terms. They contain no practical political program, nor do they inspire to direct political action. And what is more, they are meant to be like this (Camp 1969). "The foundations of its politics in natural law offers Christian Democracy precisely that broad basis, which permits it to have as many variations in the structures of its everyday politics as there are national and Confessional forms of Christian parties" (Maier 1969: 11). It is a movement operating in the centre and it seems to have no basic theory of its own; rather it prefers to plagiarize elements of Liberal, Conservative and Socialist thought at will in order to blend these into a hotchpotch of ideology. Christian Democracy and Conservatism may not be identical, but they do share the conviction that private property constitutes an inviolable right, Communism is an abhorrent movement, and the state should be confined and carefully watched in its interventionist zeal. "But Christian Democrats reject the tenets of nineteenth-century Liberalism: they accept the necessity for the state to protect the weak in society and to guide the economy, and they favour concertation, i.e., consultation between government, industry, the trade unions and other interest groups" (Irving 1979: xxi).

It seems clear where Christian Democratic 'originality' lies: "The parties, especially, draw material from all the corners of the political universe, and criticize and rework it into a pattern in which each element finds its place in the perspective of the rest" (Fogarty 1974: 18). Liberal individualism appears as Personalism in the Christian Democratic discourse. The self in the theory of Personalism is something more than

an individual, because its metaphysics not only accounts for the individual in his social ambience, but also stresses religious aspects as indispensable and manifest facets of the inextricable human identity. Socialist or Social Democratic collectivism surfaces as the Christian Democratic philosophy of solidarism, emphasizing that the collectivity exists to assist and complete the person rather than the other way around. Collectivism is also transformed into a specific version of pluralism, which holds that society consists of a multiplicity of institutions of which the state is only one, albeit portentous arrangement. Conservative Traditionalism emerges in the Christian Democratic political theory as "an appreciation of the time factor, of the difficulties of successful change, and of the importance of smooth, continuous development. But they (Christian Democrats) are convinced also of man's right and duty to advance towards mastering his environment by the power of his reason and will. They will stoutly deny that they are 'Traditionalist', in the sense of being particularly attached to the shape of things as it now is or once was" (Fogarty 1974: 18).

Christian Democratic parties conceive of themselves as 'popular' or 'people's' parties, in a specific ideological, anti-Liberal sense. They would rather address a people organized in associations and professions than atomic and therefore superficial individuals (Mayeur 1980: 7). Perhaps 'Bourgeois', Conservative, and Christian Democratic movements are interchangeable entities (e.g. Van Veen 1983). In that case one would hardly have to question the possible differences between these movements. And yet the self-identification of Christian Democracy as basically operating in the centre of the political spectrum seems to a large extent justified (Von Beyme 1985a: 96). The only problem is that too much success causes Christian Democracy to absorb what is to their right, hence ceasing to be a party of the 'middle'.

All theorists, therefore, tend to have in common some spatial metaphor for depicting Christian Democracy as occupying a conditional centre of the party system or of the politico-ideological spectrum in general. Christian Democracy is epitomized as 'middle', 'centre', 'popular', 'people's', or -as Fogarty (1974) phrases it- personalist, not individualist; pluralist, not collectivist; conservative, not traditionalist. All adjectives appear to point into one direction. Christian Democracy cannot be defined as a movement with a well-defined, fully-fledged ideology. It cannot be pinned down to some point at a right-left continuum either, but rather monopolizes some grey,

happy medium. Unlike Liberalism and Socialism, Christian Democracy appears to lack a political and social theory of its own. It is habitually defined in negative terms; it is Socialist nor Liberal, but shares some elements of both political movements. It carefully maneuvers between the Scylla and Charybdis of capitalism and Socialism, between the devil and the deep sea. And yet it steers by the compass of social doctrine. "All Christian Democrats began with a belief that a middle way could be found between capitalism and Socialism in the spirit of the Catholic social doctrine and the social encyclicals" (Von Beyme 1985a: 94).

So, the blazoned middle way of Christian Democracy does appear to be based on distinctive principles of political navigation (Irving 1979: xviii). First, there are 'Christian principles' comprising an adherence to elementary human rights. Secondly, the commitment to Liberal democracy and Liberal democratic values belongs to the Christian Democratic package. Finally, integration or societal accommodation is a central element of Christian Democracy's distinctive principles "in the dual sense of a commitment to class reconciliation (...) and to transnational reconciliation (...)" (Irving 1979: xviii/xix).

Integration, class-compromise, accommodation and pluralism are indeed key concepts for a definition of Christian Democracy. It is precisely the continuous attempt of integration and reconciliation of a plurality of societal groups with opposed interests that makes Christian Democracy distinctive. "Christian Trade Unions like to think of themselves as pursuing with equal vigour the defense of class interest and an ideal of inter-class collaboration (...). And in the same way the Christian employers', business middle class and farmer's organizations criticize their neutral opposite numbers for being 'Liberal' in the Manchester school sense; as tending, that is, to be one-sidedly interested in the pursuit of profit" (Fogarty 1974: 18).

Christian Democracy is therefore best understood as a specific political expression of (class) antagonisms within capitalist industrial society. At a generic level, the movement of Christian Democracy typically organizes itself as a political articulation of class- and other cleavages. The basic assumption on which it is founded refers to the conviction that different societal interests can and therefore should be accommodated. Christian Democracy holds that a feasible solution for potentially

explosive cleavages is possible, even under the contentious conditions present in advanced capitalist democracies. There exists the underlying confidence of eventually being able to transcend the antagonistic relationships between social groups, strata and classes. The ultimate aim is to transform society into some form of cooperative, Christian-inspired social fabric in which all layers of society are at their right place (a just ordering of society), know that they are at their proper position (political self-consciousness), agree to be where they are (full political identity) and get what they are entitled to (distributive justice). Nevertheless, one will look in vain for any blueprint of the Good Society.

Christian Democracy, in other words, voices, codifies and (re) structures societal conflict within itself in its attempt to arbitrate and accommodate societal cacophony. Socialism and Liberalism, on the other hand, -at least on the Christian Democratic interpretation- tend to be the political articulations of poles of societal difference, disagreement and conflict. Class reconciliation and cooperation lie at the heart of what makes Christian Democracy a distinctive political movement. It may turn the movement into an uneasy coalition of opposed societal interests, but it does define its *differentia specifica*. It seems useful, then, to consider some implications of this premise.

Christian Democratic politics is perhaps most frequently criticized for its pragmatism and opportunism and the Italian version methodically comports as the exemplification of this. However justified this criticism may be, it is important to understand the background of this tendency of making hay while the sun shines. Both pragmatism and opportunism are effects of the above indicated characteristics of integration, reconciliation, accommodation and pluralism. The *differentia specifica* of Christian Democracy implies that the movement is always in principle (by virtue and by necessity of the self imposed political position) 'bipolar' (or rather 'multi-dimensional'), 'flexible' and in possession of a highly developed capacity to adapt in its attempt to formulate a compromise of antagonistic interests. It is in this sense the embodiment of societal accommodation, or at least ventures to become so. It is this feature that makes the phenomenon so hard to grasp, because it is not at all clear which precise compromise might hold at what time. Besides, internally the movement is sectioned into factions or wings. The central concepts of the Christian Democratic

ideology not only and typically reflect bipolarity, multi-dimensionality and flexibility, but moreover facilitate the coexistence of such a plurality of views and interests. It is the movement's main strong point.

If there exists a bias in favour of capitalism within the Christian Democratic political doctrine, as Irving (1979) argues, this inclination must be understood as a structural-conjunctural outcome and not as an eternal characteristic. There is no principle ground that would inhibit, for example, a more 'labour-bias' -given the structural constraints of a capitalist mode of production- within Christian Democratic practice. It all depends on the actual balance of power within the movement and -as far the movement mirrors society- within the national community. Whatever the bias, a plurality of interests will always be present. In fact, such an account is important for understanding the differences between the various Christian Democratic movements of Western Europe. Variation among Christian Democracies most likely results from the variation in the structuring of the accommodation of interests within the movements. A corollary of this is that an analysis of the conditions under which actual Christian Democracies operate is imperative.

It is difficult to understand Christian Democracy as an attempt to formulate a middle way between Liberalism and Socialism, unless one can unambiguously state what actually constitutes the middle or the centre of the political spectrum. The middle, however, is contingent upon political conditions and therefore upon the political process itself as well as upon the manner in which one visualizes or imagines political space theoretically. In what Sartori (1976: 334) has called the spatial archetype (i.e. the Left-Right continuum) one might in principle be able to find a point in a one-dimensional flat space, which denotes such a middle. When one imagines ideological or political space in more than one dimension the problem of the middle becomes immediately acute. The religious factor, of course, complicates matters for uni-dimensionality.

A four-dimensional portrayal of political space (e.g., 4 intersecting lines representing dimensions of political cleavages: Sartori 1976: 336) would clearly illustrate the point. The only real middle point, of course, is where all lines intersect. However, such a point refers to a theoretical possibility rather than to a conceivable position for a political movement, because it assumes an arithmetical average on all dimensions. It is more likely to find various positions on the different dimensions so

that a single middle position cannot be defined. This makes the actual centre of the political system cleavage- and issue-dependent. For the present purposes it is sufficient to argue that nothing is specified by defining Christian Democracy as occupying the centre, because the question is which centre on what issue and under what conditions. This, in turn, assumes precise knowledge of the distinctive ideological stance of Christian Democracy on certain issues, a possibility that the theorists of Christian Democracy as a middle of the road movement would have to refute.

One might argue that in the act of voting people are forced to squeeze multi-dimensionality to the least distance solution, that is "to vote for the party (candidate) perceived as closest, on the Left-Right spectrum, to his self-assigned location on the same spectrum" (Sartori 1976: 338/339). The voter is different from the politically active citizen. That, no doubt, is the case. Still, the religious dimension cannot be squeezed, although some compression might be imaginable.

If both the religious and the Left-Right dimensions in the cleavage structure of a society are equally important, political space cannot be squeezed to uni-dimensionality. If the religious dimension is the main cleavage political movements of the Left and of the Right may tend to approach each other on the religious dimension. However, the gap separating the religiously motivated party on the one hand, and the political Right and Left on the other hand would widen consequently. In this case there is compression of the Left-Right dimension and a certain reduction of multi-dimensionality, but an increasing relevance of the religious dimension. If the Left-Right dimension is dominant the religiously inspired party is likely to approach this dimension and could become the centre of the political spectrum. Christian Democracy would be unspecific. But since the religious dimension is irrelevant, there will be no Christian Democracy (Sartori 1976).

There are still other theoretical possibilities. If Christian Democracy occupies a position between Conservatism and Socialism one might expect Liberal elements to enter as tools of distinction (such as the emphasis on individual rights, the importance of incentives). If, on the other hand, Christian Democracy is positioned between Conservatism and Liberalism more Social Democratic features might distinguish the movement. However, the most realistic and most frequent middle or centre position of Christian Democracy is where the movement takes over the position of Conservatism

and establishes itself somewhere between Socialism and Liberalism. In such situations Christian Democracy is most likely to be the alternate partner of both extremes of the political spectrum.

The conclusion of this perhaps somewhat abstract discussion is that the first objection against the thesis of distinctiveness can be rejected, because it is difficult to delineate what constitutes the centre and because -even if it were possible to do so in an unambiguous manner- a centre-position of Christian Democracy appears to be based upon distinctive principles.

Objection 2: Christian Democracy as a Catch-all Party

The second objection against viewing Christian Democracy as a distinctive political phenomenon concerns the thesis that the movement is a 'catch-all party'. My reply would be that at least until the 1970s Christian Democracy cannot be considered to be a Catch-all party in Kirchheimer's sense.

The concept of the catch-all party ('Allerweltspartei', 'People's party', 'soziale Querschnittpartei', 'soziale Omnibus') is widely held to be applicable to Christian Democratic parties in particular. In fact, Christian Democratic parties have readily labelled themselves as 'people's parties' in their attempt to oppose the character of class-based parties. In this sense, the concept of 'people's party' has functioned politically as a means to underline what was the self-perceived crucial difference between Christian Democracy and Social Democracy. Christian Democratic parties appeal to the people and the movement is a home for all specific layers, groups and classes[2].

As a social scientific concept for analyzing the post-war development of the Western European party systems the catch-all party entered the discussion in the mid-sixties, whereas the Downsian 'multi-policy party' can be considered as the ancestor of Kirchheimer's 'Allerweltspartei' (See Mintzel 1984). The publication of Kirchheimer's classical statement on the changing Western European party systems (1966)

2) Swedish Social Democracy of course managed to formulate something similar in its theory of the 'people's home' of the 1930s.

triggered of a debate among social and political scientists that led to -still existing- controversies[3].

A catch-all party is a democratic party which developed from a traditional and pre-war mass integration party into a so-called real people's party. This new type of party gave up its old aim of integrating the masses (or specific layers of the mass of the people) into the political system and into bourgeois society in order to replace it by the sole aim of winning as many votes as possible during the electoral competition with other, similar, parties. The 'Allerweltspartei' sacrificed the ideological heritage of the past to attract the new voters of the present. It disposed of its revolutionary elan, accepted the existing social, economic and political order, and became a party of (moderate) reform. Because the catch-all party is in (or is trying to get into) government, adjustment and moderation of political views are fundamental conditions.

In contrast to the mass integration parties of the pre-war period the catch-all party is not founded upon a social class or a religious part of the population of a society. It typically and explicitly de-emphasizes class or denomination and appeals to the electorate as a whole. The mass integration parties were simply compelled to change "under conditions of spreading secular and mass-consumer-goods orientation, with shifting and less obtrusive class lines" (Kirchheimer 1966: 190). Such a party is an effect of the increasing electoral competition. It is a "competitive phenomenon. A party is apt to accommodate to its competitor's successful style because of hope of benefits or fear of losses on election day" (Kirchheimer 1966: 188). Maximization of the vote is an effect of the growing intensity of electoral competition.

The political program with which the 'Allerweltspartei' typically enters the political and electoral competition is general and frequently vague. It does not contain many (if any) concrete and far-reaching, let alone innovative, policy proposals. At most it offers the voter an 'order of preferences'. It behaves very similar to consumption commodities on the market. The image of the 'Allerweltspartei' must be inculcated in 'millions of minds' just like any other famous trade mark. The meaning and presence of ideology as an electoral vehicle declines, a thesis of course fully in line with the

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3) A number of attempts has been made to test Kirchheimer's historical statements, hypotheses and predictions empirically. Most of these endeavours faced immense methodological obstacles. This is mainly due to the complexity of the catch-all argument (see Tarrow 1969; Rose and Urwin 1976; Zuckerman and Lichbach 1977; Wolinetz 1979; Dittrich 1983; Schmidt 1985).

'end of ideology'-argument. It sacrifices a fully-fledged ideological framework for the sake of potentially better electoral results.

The rise of the catch-all party was the result of complex socio-structural changes. The increasing pressure of the political competition was effected by (1) the ongoing secularization that moderated significant religious cleavages within societies, (2) the rise of mass consumption and the increasing importance of the mass media, which are assumed to have harmonizing and equalizing influences, (3) the emergence of the new middle class, and (4) the growth of the welfare state, which provided social security for virtually all members of society. These changes taken together moderated traditional conflicts of interests. The socio-structural changes of the post-war societies also altered the general political outlook of the citizens, who turned away from 'ideological points of view' (see Schmidt 1985: 378).

The catch-all thesis as originally formulated by Kirchheimer has only limited analytical value when it comes to its application to Christian Democracy as a post-war political phenomenon. There are two arguments to underpin this assertion and to reply to the second objection to the thesis of distinctiveness. First, Christian Democracy is not simply a political party, but a political movement. This implies, that in much the same manner in which Social Democracy must be interpreted with reference to the Social Democratic labour movement as a whole, Christian Democratic parties cannot be properly analyzed outside the context of the Christian Democratic movement as a whole. Christian Democratic parties are to a large extent the political representatives or counterparts of associated societal organizations and institutions. Talking about Christian Democracy without taking into account the infrastructure of societal power makes of the party a head too big for its body. This, in turn, implies that Christian Democratic parties do not only face the logic of (electoral) competition, but have to deal with organizational and institutional logics as well. The Christian Democratic parties have always -but especially in the first decade or so after the Second World War- relied on their societal organizations. The central institution of the church, of course, has frequently intervened in electoral politics by strongly recommending which party to vote for and which certainly not to support or be associated with (under penalty of excommunication, for example). In addition, the church has been an important transmitter of the political message, not only via sermons, but also by

activating the religious organizational infrastructure. This dependence on the societal framework of power has decreased the pressure to dilute ideology considerably.

Secondly, one has to be cautious in interpreting the role of religion or Confession as an electoral magnet. Religion as a political factor is very much like the real magnet: it has the disposition to attract and to repel. Strictly speaking, having religion as an electoral asset means that Christian Democratic parties can never become full-blown catch-all parties. It was Kirchheimer himself who pointed to this corollary: "In some instances the catch-all performance meets definite limits in the traditional framework of society. The all-pervasive denominational background of the Italian *Democrazia Cristiana* means from the outset that the party cannot successfully appeal to the anti-clerical elements of the population" (Kirchheimer 1966: 185). And what is more, "Christian Democratic ideology by definition excludes the non-believer, or at least the seriously non-believing voter. It pays for the ties of religious solidarity and the advantages of supporting organizations by repelling (...) voters" (Kirchheimer 1966: 187).

A Dilemma for Christian Democracy?

This line of reasoning is correct in so far as it stresses the repelling effect religion may have if employed instrumentally in electoral competition. It excludes the possibility of Christian Democracy being a catch-all party in Kirchheimer's sense. However, it appears to point to an important dilemma for Christian Democratic politics. Appealing to religion or Confession may result in scaring away non-religious voters or voters with an avowedly other Confession. In a country where, say, 30 to 40 percent of the population is a claimed member of the Catholic church, a party that exclusively tries to mobilize the Catholic voters *qua* Catholics can never hope to win a parliamentary majority. Broadening the attractiveness to non-religious voters or to members of different creeds runs the risk of weakening the Catholic support. What one comes across here is, of course, a type of Przeworskian dilemma. Paraphrasing Przeworski (1985:106) the resulting trade-off could be formulated as follows: when Christian Democratic parties direct their efforts to mobilizing the support of non-religious allies they find it increasingly difficult to recruit and maintain the support of the religiously

inspired voters. This dilemma would be primarily relevant under conditions of the continuing salience of religion as an electoral mobilizer, that is under conditions of marginal or constrained secularization. It implies that if Christian Democratic parties can be argued to be catch-all parties at all, the thesis would only gain significance in the late 1960s, early 1970s, when the process of secularization started to affect political affiliation in a profound way and church-membership as a political mobilizer was gradually substituted by a much more vague inspiration by Christian morality.

However, this is only one, limited way of scrutinizing the possible effect of religious appeal under the constraints of the logic of electoral competition. It focuses, so to speak, exclusively on the negative pole of the magnet of electoral appeal. This one-sided attention tends to obscure the positive pole: religion as a vehicle of general political appeal. Christian Democracy has always had strong integrative capacities by virtue of its (religiously inspired) political ideology. Precisely because Christian Democracy possessed 'religion' as a catalyst of political articulation it was able to avoid the dilemma and associate electoral trade-off, which has haunted Social Democracy. Heidenheimer (1960: 10) is right when he argues that "Christian democracy has achieved prominence and power in post-war Europe as one of the two mass political movements which have inherited control of parliamentary systems by virtue of their ability to adapt them to the requirements of advanced industrial democratic societies. Like its great rival, Social Democracy, it owes its present position of power to the fact that it concerned itself at an early stage with the social condition of the masses and that it provided leadership and organization for the large social groups who, without it, could not avail themselves of the rewards of political democracy". The main difference between Social Democracy and Christian Democracy with respect to the topic of political democracy and electoral competition is of course that the former's vehicle for mass support was the appeal to class as a principal base for political articulation, while the latter employed religious appeal to cut through class-cleavages. The dilemma as well as the potential political attraction arising from this cross-class appeal by means of religion is an interesting question that appears to be of a radically different nature than the questions that have historically troubled Social Democracy.

Let me reminisce Przeworski's analysis (1985) of the dilemma of Social Democracy. According to him Social Democracy faced three important choices in its career as a political movement: (1) whether to seek the advancement of socialism within the existing institutions of the capitalist society or outside of them; (2) whether to seek the agent of socialist transformation exclusively in the working class or to rely on multi- or even non-class support; and (3) whether to seek reforms, partial improvements, or to direct all efforts and energies to the complete abolition of capitalism.

The second choice turns out to be a dilemma which resulted in an electoral trade-off. The dilemma of Social Democracy stems from the fact that the working class in capitalist society is 'doomed' to remain a minority of the population, whereas political democracy implies majority rule. To gain electoral influence Social Democracy as a working class party has to seek support from members of other classes. "The choice between class purity and broad support must be lived continually by Social Democratic parties because when they attempt to increase their electoral support beyond the working class these parties reduce their capacity to mobilize workers" (Przeworski 1985: 28).

There exists an electoral trade-off between appealing to the masses and recruiting workers. There are two reasons why such a trade-off is likely to occur. The first reason is that "(...) by broadening their appeal to the middle classes Socialist parties dilute the general ideological salience of class and, consequently, weaken the power of class as a cause of the political behaviour of workers. When political parties do not mobilize individuals as workers, but as the masses, the people, the nation, the poor, or simply as citizens, the people who are men or women, young or old, believers or non-religious, city- or country-dwellers, in addition to being workers, are less likely to identify themselves as class members, and eventually less likely to vote as workers (...). As socialists become parties like other parties, workers turn into voters like other voters" (Przeworski 1985: 105). The second reason is found in the loss of the ability to enforce collective discipline on workers by broadening the electoral appeal (Przeworski 1985: 106).

Social Democracy cannot win either way. The situation appears radically different for Christian Democracy. For what seems cataclysmic for Social Democracy

appears beneficent for Christian Democracy. And what is a trade-off in Social Democratic politics involves a pay-off for Christian Democracy. Diluting the ideological salience of class is precisely what Christian Democracy would have to do to make class-compromise and reconciliation possible. By stressing the inter-class character of the movement Christian Democracy manages to attract voters by appealing to catholicity understood in its broadest sense.

Let Social Democracy be "(...) a movement that seeks to build class unity and mobilize power via national legislation" (Esping-Andersen 1985: 10), then Christian Democracy would be defined as a political movement that seeks to establish cross-class compromise via a policy-mix, which gives capitalism a human face and social policy a capitalist criterion and foundation. Christian Democracy's choice or problem, therefore, has never been whether to seek support exclusively in one class or to rely on multi- or even non-class forces, but rather how to formulate and implement a feasible compromise between the various layers of society. Yet, as I will argue in the subsequent chapters, Christian Democracy had to deal with the problem of reform under capitalism and of parliamentarism in a comparable manner as Social Democracy.

Social Capitalism, Religion and Cross-Class Appeal

In an interesting paper, Manfred Schmidt (1985) has made plausible that, first of all, real, complete, and fully developed 'Allerweltsparteien' do not exist anywhere in Europe. Conservative, Liberal, Christian Democratic and Social Democratic parties still differ considerably when looking at their social base, their programs, and their political practice. Nevertheless, some of the major Western European parties have been affected by the catch-all virus in the sense that they do show signs of an 'Allerweltspartei'. Most of these parties have appealed to voters from various social layers. They do cut -in their electoral appeal and in their social composition- across class and religion. The various social layers and religions are, however, not at all equally, but rather asymmetrically distributed among the parties. Secondly, the parties of Western Europe have converged ideologically. The trend of ideological convergence rests upon two distinct and opposite developments. Bourgeois parties have shifted to the Left with regard to economic and social policy, whereas Social Democratic parties have

approached the bourgeois movements on the issues of religion, foreign policy and (inter-) national security. Thirdly, the ideological convergence of the major parties has generally shifted the very nexus of politics to the Left. The 'embourgeoisement' of the Social Democratic movements has been matched by the Social Democratization of the Bourgeois parties. Finally, many parties have adopted and followed a catch-all strategy. Social Democratic parties have generally been less successful in gaining electoral support than Christian Democratic parties. The argument is that the transformation of the Western European party systems has only taken place in a limited number of countries and that the catch-all thesis is of restricted theoretical and empirical relevance. On top of this, the transformation of the party systems that did occur has been incomplete.

The conclusion is that the catch-all thesis as it was originally formulated by Kirchheimer is difficult to maintain. The argument, however, can be developed in a somewhat different direction. Questions on the nature and contents of government policies in Western democracies can be rephrased in a 'catch-all way': to what extent do different parties in government pursue different policies? Or to what extent do the contents of policies converge under the regime of different parties[4)]?

Although the Christian Democratic parties of continental Western Europe are in several respects very close to Kirchheimer's ideal, the finding is that these parties have distinctive profiles within their pragmatic and reformist tradition. Under conditions of economic prosperity Christian Democratic parties produce what is called a 'Christian Democratic surplus' in social and economic intervention by the state, which comes very near the 'surplus' produced by Social Democracy (Schmidt 1985: 389)[5)]. In social policy Christian Democracy can be a 'big spender', too. In this sense it is more akin to Social Democracy than to Conservatism or Liberalism. Christian Democrats readily intervene in the economy, in spite of their political rhetoric which

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4) Schmidt himself has done two valuable studies on the difference between 'bourgeois' or Christian Democratic and Social Democratic parties in terms of policies pursued. One on Germany and the differences between the 'Länder' (1980) and one cross-national comparison (1982). Obviously, I would rather make a distinction between 'bourgeois' parties and Christian Democracy.

5) See for an elaboration of the concept of 'surplus', Keman (1988) and for a short discussion of this study, chapter 6.

sometimes appears to prescribe the opposite. Full employment, too, belongs to the social and economic goals of Christian Democracy.

However, behind this façade of a high level of social expenditure -which could easily compete with the Social Democratic level- lies a qualitatively important difference with Social Democracy. Christian Democratic governments tend to combine a high level of social and economic intervention with axiomatic pre-conditions that are tailored to market dynamics, the upholding of incentives and the growth or strengthening of private property (Schmidt 1985: 390). It is here that the catch-all thesis becomes relevant for understanding this mix of welfare state and capitalist economy. The logic of electoral competition forces Christian Democratic parties to moderate the conflicts between capital and labour in order to attract voters from the ranks of workers more easily. At the same time these parties try to stabilize other social and cultural cleavages that are beneficial to them. Christian Democrats tend to choose those issues, which appear to be particularly apt to mitigate traditional socio-economic cleavages and keep constant socio-cultural lines of conflict (Schmidt 1985: 390). It is because of this logic that Christian Democratic parties formulate and implement a social and economic policy, which on the one hand can stimulate the formation of property for workers and employers, and on the other hand is able to reinforce status differentials.

Christian Democracy has its own model of social policy, which significantly and systematically differs from both the Liberal and the Social Democratic model of social policy. The concept of 'social capitalism' is adopted from Hartwich (1970) in order to describe this Christian Democratic model of welfare state development, a notion that I, in my turn, have assumed and that I am giving my own interpretation in this study.

This central thesis can now be elaborated in the light of the discussion of Przeworskian dilemmas and of what I have argued establishes the facet of distinctiveness of Christian Democracy: the continuous attempt of integration and reconciliation of a plurality of societal groups. Social capitalism was the model with which Christian Democracy tried to establish cross-class appeal and 'religion' was its vehicle. Religion as the vehicle for mobilizing support for social capitalism did not risk particularism and the consequent trade-off tendencies, both at the level of societal organization and of electoral competition. Religious appeal is in principle universal in the sense that it appeals to all people that share a common religion or Confession,

whether they are capitalists or workers, men or women, old or young, living in the country-side or in a town, black or white. Religion cuts through class and unites social cleavages, a fundamental condition for the establishment of social capitalism.

The dilemma for Christian Democracy is different from the one that Social Democracy faced. Christian Democrats find it easier to cope with the class dilemma. Although they appear to face the same dilemma as Social Democrats, resulting from the need to create a broad social base as support consisting of various social and economic groups, religion helps to 'solve' this dilemma.

The logic of electoral competition determines the nature of (the contents of the policy of) Christian Democracy in a specific way. This logic forces Christian Democracy as a 'Mittelstandspartei' to attempt to moderate societal cleavages -and in particular the antagonism between labour and capital- in order to attract voters from all social layers and especially from the working class. At the same time Christian Democracy tries to stabilize the political and ideological importance of religious cleavages as well as other conflicts that appear to have beneficial effects on Christian Democratic support. The strategy of Christian Democracy goes through policy. It is the Christian Democratic model of social capitalism that must be understood as an attempt to 'build bridges' between the various social, economic and cultural groups within a society. At the same time this model allows for a reinforcement of occupational, economic and social status differentials. In contrast to the Social Democratic model of welfare state development, Christian Democracy's model cannot be understood as an attempt to create universal solidarity, but rather as a means to moderate societal cleavages while reinforcing social groups and group identities. Social capitalism tries to catch the best of both worlds rather than 'all'. Crucial is the attempt to dilute the salience of class as the basis of political articulation and mobilization.

To sum up, Christian Democracy is confronted with two dilemmas, and attempts to solve the one with the other: 1) a dilemma comparable with the one for Social Democracy of needing to have the support of more classes while -in seeking this cross-class support- risking the declining support of one of them; and 2) using Christian ideological appeal (appeal to Confession or the Christian religion) in order to establish this cross-class compromise while risking -in doing so- losing the non-religious support. Religious or Confessional appeal may be interpreted as a means to establish

cross-class support for the model of social capitalism by diluting the general ideological salience of class, while upholding societal differences. Doing this, however, may have the effect of scaring away the non-religious vote, especially in periods where the general ideological and political salience of religion is declining. Social capitalism has been the model through which Christian Democracy has tried to integrate labour demands into the formulation and implementation of social and economic policy without scaring away the support of the bourgeois political forces, and through which it has tried -in a more general sense- to build bridges between various social, economic and cultural groups and layers within society. Religion has been a powerful and crucial vehicle for establishing cross-class support for social capitalism under the constraints of the logic of electoral competition.

Although the objections against the distinctiveness-thesis must be taken seriously, they fail to convince. Both the argument of the political centre and the catch-all-thesis do not unambiguously show that Christian Democracy is an indistinct political movement. Both arguments end up concluding that the Christian Democratic political position is based upon distinctive principles and offers a distinctive policy-mix. Apparently, there is something peculiar about Christian Democracy.

A Preliminary Analysis of Christian Democratic Ideology

In this section a preliminary overview of some basic characteristics of the Christian Democratic ideology is presented[6]. The survey mainly serves as a set-up for my reconstruction of the specific meaning of social capitalism in the subsequent chapters. Perhaps the appropriate manner for clarifying the central ideological precepts of Christian Democratic political thought and practice consists of highlighting what I believe are the foremost ideological differences with Social Democratic political theory.

Faith or belief in God and politics do not coincide according to Christian Democratic ideology. Forms of political Christianity are ostracized. There exists no linear, direct

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6) Here I mainly make use of the seminal work of one of the few students of Christian Democracy as a social movement (Fogarty 1974).

and compulsive link between Christianity (or Christian principles) and practical choices in the realm of politics. At first sight, this seems to exclude the very possibility of Christian Democracy. Looking somewhat closer, however, it turns out to be an essential and logical condition for any form of Christian inspired politics that views itself as democratic. For political Christianity would be intolerant: a church, which claims to possess absolute and comprehensive knowledge of Divine Revelation would be unable to accept other churches or ways of thought as equal. Therefore, commitment to democracy would be impossible, since democracy implies (at least ideally) religious liberty, liberty of conscience, freedom of thought, speech, assembly and of the press and freedom of action[7].

Like Christian faith and politics, state and society do not coincide in basic Christian Democratic doctrine. State (politics) and society are separate entities. They are parts of a larger and comprehensive organic totality. The state serves the Public Good and protects the legal order. This implies that the state should create the circumstances under which the citizens can attain their personal ends. Intervention by the state is justified whenever the Public Good is threatened by, for example, large scale poverty or by the absence of the necessary solidarity -or rather harmony- between various social groups. As soon as the circumstances are improved as a result of state intervention, the state has to retreat and withhold further intervention. In this sense state interference is always temporary and ought not to drift to permanent politicization. The state in Christian Democratic political doctrine appears to have a wide competence and it extends "not only to such classic functions of defense or justice, but also to what they (Christian Democrats) would argue as the legitimate implications of the idea of the Welfare State; policy for production and employment, for social security and assistance, for housing and town planning, for education, scientific research and the arts. No Christian Democratic party, for example, denies, that it is the State's responsibility to set the controls of the economic system and guide its operations"

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7) In this context it is interesting to note that Christian Democracy represented a suspect political movement to the American analytical mind in the period immediately after the Second World War, for Almond, for instance, observes: "Americans find it difficult to trust a political movement which is based on religious Confession, and particularly on Catholicism, which still holds in principle to its universal and exclusive claims, and which has been, and in certain countries, still is identified with anti-democratic movements" (Almond 1948: 31).

(Fogarty 1974: 89). To be questioned, however, is the extent to which Christian Democracy shares with Social Democracy a commitment to full employment, as is suggested here by Fogarty and also mentioned by Schmidt (1985). The ideal state is a welfare state in the sense "that it is ready to step in, call for a public account and enforce the necessary action in any field where the welfare of the people seems to be neglected. But its responsibility consists in defining and enforcing the responsibility of others -individuals or social groups- rather than providing services itself" (Fogarty 1974: 91). This is an important point and leads to the expectation that public services in Christian Democratic welfare states might not assume a comparable importance as for instance social insurance and public assistance. An institutional commitment to full employment appears to be at odds with the tenet of the enforcement of responsibility.

Although in particular in Catholic social and political doctrine the state is viewed as the highest corporate body, it does not in any sense imply a centralist view on politics. For every organ in society has its own and indispensable function. The principle of 'subsidiarity' guarantees the supplementary and 'helping' intervention of the state, but also sets limits to such interference with the affairs of other bodies. Where exactly the limits of state intervention are to be sought remains unclear and is made contingent upon the conditions under which a state functions.

The political theory inspired by the religious inclination of the Reformed churches -at least in the Netherlands- has a comparable principle, which is called the 'sovereignty in one's own circle' (see chapter 11). Although in some respects the Protestant and Catholic conceptions of state regulation come down to very much the same thing, the Protestant doctrine of 'sovereignty' limits state interference somewhat more. In this context one can find two other conceptions, which cover both mentioned principles: autonomization and horizontal pluralism. The doctrine of 'horizontal pluralism' has a double connotation. It is both meant to describe the means of protecting the sovereign sphere of smaller social groups, and to prevent the state from becoming 'overloaded' with demands from the lower and smaller social groups.

Vertical pluralism is another disposition of Christian Democracy and it refers to the way in which ideologies cut vertically through all the layers and groups in society. It could be understood as the Christian Democratic way of defining tolerance. "Different 'spiritual families' (...) -Catholics, Protestants, Marxists, 'humanist', or

whoever they may be- should on the principle of 'vertical' pluralism be permitted and enabled to follow their own way of life, even when they are in a minority in a nation or groups as a whole (...). It reduces conflict, since it allows everyone, without discrimination or loss to himself, to build up a set of associations which fits his own ideals" (Fogarty 1974: 42). The Dutch system of 'pillarization' appears to be the prototype of such 'vertical' pluralism.

A first tentative conclusion on the difference between the ideologies of Christian Democracy and Social Democracy can now be formulated. For Social Democracy state intervention is not limited by a comparable principle as 'subsidiarity'. The emphasis on the primacy of politics is much stronger here. The goal of intervention is social reform according to the norms of equality, freedom and solidarity. Social Democracy instrumentalizes the state in order to eliminate inequality, which is seen as an inherent characteristic of the capitalist system of production. The function of the state is perceived as a permanent reform capacity. There is a general conviction of the possibility of politics (Ringen 1987). Social Democracy, too, recognizes limits to state intervention as far as the idea of market conformity of Keynesian economics is concerned. Intervention ought not to rule out the market, but the state should intervene where the market shows imperfections and violates the principles of equality, freedom and solidarity. Yet, the market should be replaced whenever it generates disfavourable distributional outcomes.

Christian Democratic politics is antithetical to the historical materialist view of man and society, where class struggle is the motor of society. Christian Democratic politics is always founded upon some notion of harmony between all members, groups, or classes of society, illustrated by the concepts of integration, class-compromise, accommodation and pluralism. Christian Democrats define capitalism (or 'the system of production through private firms') as an organic division of labour. Various social groups and classes have their own specific and indispensable role in the division of labour and mellifluous cooperation between classes is not only possible, but on the contrary, necessary and 'natural'. Property relations are founded upon Natural Right and, therefore, not only ought not be changed, but cannot be altered. In *Rerum Novarum*

(1891), for instance, four interrelated arguments are provided in favour of the Natural Right character of private property: 1) Man is rational, therefore he saves for the future; 2) Man has a right to the fruits of his labour. These 'fruits' become his private property; 3) Private property has always existed; 4) Man (!) needs private property to be able to look after his family in his function as *pater familias*.

In *Quadragesimo Anno* (1931) a (Thomist) distinction is elaborated between private property and its use. It is the function of the state to control how and where private property is used. If and only if necessity demands intervention can it be argued to be legitimate. Natural Right, furthermore, implies the obligation of cooperation between labour and capital. The organic character of the economic order should reflect itself in the integration of labour and capital in public affairs through the so-called 'industrial groups' or 'statutory industry councils'. These councils are supposed to contribute to the abolition of class struggle. If labour is to be integrated, the working class needs organizations. "One of the main foundations of security, as the Christian movements see it, is to belong to a class of people like oneself, and to know that this class is organized and indispensable enough to be a power in the land" (Fogarty 1974: 77). In order to be able to perform the 'natural functions' within the organic body of society it is necessary to organize as a class. The 'respect' of employers for the working class must be enforced by the strength of organization.

Labour also must be integrated into society as such: the 'redemption' of the proletariat by the acquisition of property, by fighting unemployment, by developing labour law and by co-determination in firms. Christian Democratic unions, although stating that industrial collaboration will often be difficult, have always emphasized common interests and the joint responsibility of management and workers. This should eventually be reflected in joint control of the firm. "For only full industrial democracy, with not merely a consultative but a decisive voice for all, can provide full opportunity for the 'promotion of the working class', the widest chance for workers to take their responsibility and develop their power to lead" (Fogarty 1974: 65). Christian Democratic parties have initiated and implemented laws regulating co-determination in firms through so called Work Councils in the late forties and early fifties all over Western Europe: in France 1945-1946; in Austria from 1947; in Belgium from 1948;

in Holland from 1950; in Germany from 1951/1952 (see Fogarty 1974: 66; Irving 1979: 43-51).

This 'Weltanschauung' in terms of a possible because necessary 'fellowship' in an ordered society has contributed to the view of Christian Democracy being nothing but the middle of the road between Socialism and Liberalism. The Christian Democratic notion of solidarity as harmony is an intrinsic part of the idea of Personalism. It refers to a manifestation of social justice, which rather than balance between rights and duties, fundamentally underscores a moral obligation to help the 'weak', 'poor', 'lower strata', or whoever may be in need of help. Furthermore, social justice appears not to refer to the relations between individuals, but instead to the relations between social groups. It is a specific class theory of distributive justice and in this sense differs fundamentally from the Social Democratic conception of justice.

The above explained bipolarity of basic Christian Democratic ideology is present as well, although maybe in a slightly different way. The principle of subsidiarity regulates in abstract and general terms the possibilities and limits of state intervention. The requirements of social justice dictate the duty of social policy. In practice principles of market efficiency and the idea of social (distributive) justice produce a perennial dilemma of agency. This runs the risk of a friction between the insistence on subsidiarity and the principle of social justice as a moral obligation.

A second tentative conclusion on the difference between Social Democratic and Christian Democratic ideology can be formulated here. Social Democracy sees existing property relations as the root cause of inequality, injustice and class struggle. The property relations themselves might be the object of change. Unlike the Christian Democrats the Social Democrats strive for a shift in power from capital to labour, resulting in a shift from profit to labour income. The economic relationship between various social groups, as Social Democracy sees it, is a permanent societal struggle. Property rights are not defined by Natural Law, but are considered to be the result of a historical development. Therefore property relations can in principle be transformed by political action. The end of a 'good' economic order is the Good Society in which every individual has an equal opportunity to a reasonable existence and to work and welfare. Unions are central rather because of their ability to promote working class

power than because of their function within the organic totality. Solidarity is a central notion of Social Democratic ideology. Solidarity between people is emphasized as founded upon material and formal equality. Asymmetrical power relations require intervention by the state.

The concept of man ('Menschenbild') in Christian Democratic political thought is shaped according to the model of Personalism. Man as an individual can only unfold his potentiality partially and in an incomplete manner. Man, therefore, is compelled to cooperate and hence he is a principally social being. "Personalism as distinct from individualism, is held by Christian Democrats to imply a certain 'solidarist' conception of the individual's responsibility to and for the society around him, and, following from this, a 'federalist' or 'pluralist' ideal of the structure of society and the processes which go on within it" (Fogarty 1974: 29). Personalism has the following consequences for practical policy: 1) all social action should be oriented to enable personalities to form themselves along certain ideal lines, to acquire certain basic characteristics and social and technical skills; 2) these ideal personalities should be grouped in a pluralist social structure, in which room is left for the free though socially responsible development of groups of all shapes and sizes, from the family as the cornerstone of society to the international community of nations; 3) the social structure should be glued together by and function through sanctions (political, economic, or social) and mechanisms (competition, direction, consultation) combined as to maintain its Personalist and pluralist character (see Fogarty 1974: 29).

The family is the first and central social group in which individuals become personalities. The family (in particular the nuclear family) is an indispensable organ in the body of society. Like the state, the family exists by virtue of 'natural necessity'. Within the nuclear family lies the seed of society as a whole. The role division between man and woman is natural. Christian Democrats see themselves as the special upholders of the family's needs and rights. With respect to social policy, the position of the family within Christian Democratic ideology needs careful inquiry, for it can easily lead to misunderstanding. Fogarty is right when he emphasizes that "Christian Democrats think in terms not so much of providing families with services, particularly state services, as of ensuring them, through a modification of the wage system, the

income with which to provide services for themselves, on their own or through co-operation with others. All of them support strongly the idea of a family living wage" (1974: 49). Family allowances, then, become a means to supplement the possibly inadequate family living wages and relatively high replacement rates in the benefit structure of a society are to assist families in times of misfortune.

This stress on providing income rather than services to the family is a function of the Christian Democratic ideology of the family and its role in the organic division of the societal body. Christian Democrats do not merely try "to ensure the family justice but to increase its responsibility and independence. The family is by all means 'the cornerstone of society' (...)" (Fogarty 1974: 50).

A final tentative conclusion on the difference between Christian Democratic and Social Democratic ideology addresses these topics. The performance of work (the application of labour power) is for Social Democrats the manner in which man unfolds his personality. Man is rational and solidarity springs from his responsibility towards mankind. Social Democracy has a philosophy that strongly suggests social action: existing social inequality implies a commitment to change in order to arrive at the state of equality and freedom for all. This search for change, this commitment to reform, establishes man as a political being. As a political being man needs organization in order to be able to (co-) decide (parliamentary democracy and political participation).

CHAPTER 3

FROM CHARITY TO JUSTICE: ON THE SPIRIT OF SOCIAL CAPITALISM

Can Christianity be argued to be related to the welfare state at all? This is a particularly pressing and interesting problem since a strong counter argument holds that the Christian denominations, and Catholicism in particular, have always stressed the centrality of charity. Charity, given its one-sided stress on the Christian obligation to give, in turn, is viewed as opposed to the central characteristic of the welfare state: the granting of social rights. In such a view solidarity marks the true welfare state. "Social solidarity is justice defined in terms of rights" (Baldwin 1990: 31). The justice of today indeed appears to be the charity of yesterday. The problem posed is therefore one of the transition from charity to social justice.

How did charity become social justice? Why did Christian obligations turn into social rights? Why did solidarity take compassion's place? One line of thought, most recently and most impressively represented by Baldwin, is that solidarity is nothing but "the outcome of a generalized and reciprocal self-interest" (Baldwin 1990: 299) carried out by collectivized risk categories which only rarely correspond completely with social classes. Religiously inspired forces have had nothing to do with the transition at all. On the contrary, on this account the transition from charity to social justice was accomplished by those social actors who managed to shake off the religious heritage of charity. The argument to be developed here is not so much that this is a mistaken view, but rather that it only tells part of the story. In particular, it appears to disregard the manner in which religiously inspired social and political actors themselves have tried to come to terms with the rightful claim to assistance. In addition, it informs us nothing about the possible direct relationship between Christianity and the welfare state and the differences between Protestantism and Catholicism with respect to this association. The thesis of this chapter is that charity as a Christian maxim became crystallized in the -or better a peculiar type of- welfare state through the social Catholic reformulation of charity as social (distributional) justice.

Secularization and the Development of the Welfare State

One-Dimensional Secularization

Let me, however, begin by considering the claim that secularization (as a correlate of industrialization and urbanization or as a phenomenon of modernization) rather than religion *per se* lies at the heart of the development of the welfare state. The decline of religion and the rise of the secular nation-state -as a consequence of the surrender of the church to the state or as a result of the retreat of the church to the 'private' realm- are the long-term historical processes that really matter. On this account, religion is not in any sense directly, but at most indirectly associated with the collectivization of social care, namely only insofar as Protestantism can be argued to be a major step towards secularization. Protestantism represents "an immense shrinkage in the scope of the sacred in reality (...)" and "(...) divested itself as much as possible from the three most ancient and most powerful concomitants of the sacred -mystery, miracle, and magic" (Berger 1990: 111). The process of secularization as an important condition for the emergence of the welfare state paradoxically goes through the Protestant revolution of religion.

Secularization in this perspective is primarily taken to refer to the decline of the categorical impact of religion on human conduct. Secularization mainly takes the form of a "growing tendency of mankind to do without religion" (Chadwick 1975: 17) and it concerns the increasing powerlessness of organized religion in temporal affairs coupled with the decreasing plausibility of the religious interpretation of the world (Martin 1978: 12). It is the "(...) process by which sectors of society and culture are removed from the domination of religious institutions and symbols" and it "manifests itself in the evacuation by the Christian churches of areas previously under their control or influence -as in the separation of church and state, or in the expropriation of church lands, or in the emancipation of education from ecclesiastical authority". But it is more than this, "it affects the totality of cultural life and of ideation (...)" and of consciousness itself (Berger 1990: 107). Berger's argument is that "Protestantism served as the historically decisive prelude to secularization" and that this potency is not so much a

unique feature of Protestantism but goes back to certain elements in the Biblical tradition (Berger 1990: 113).

Protestantism caused a qualitative change in church-state relationships which in turn facilitated the construction of the welfare state. Such is perhaps the central causal theory in its naked representation of the manner in which religious change is related to the development of the welfare state. In his elaboration of Rokkan's macro-model of European history, Flora argues that the emergence of the welfare state is above all associated with the growth of mass democracies. The developmental thesis is that "the evolution of welfare states since the late 19th century may be seen as a second step and final triumph of the modern Western European state" (Flora 1983: 25). Religion has influenced the transformation of traditional societies into mass democracies and this process affected the institutional arrangements of modern welfare states. The main generalization of the Rokkan macro-model is that "the Protestant nationalization of the territorial culture in the North favoured the mobilization of voice 'from below': the early development of literacy encouraged the mobilization of lower strata into mass politics, and the incorporation of the church into the state apparatus reduced one potential source of conflict and produced a clear-cut focus for the opposition of the dominated population. By contrast, the supra-territorial influence of the Catholic Church favoured a mobilization 'from above': the late development of literacy retarded spontaneous mass mobilization and the conflicts over the control over the educational system led to efforts by the church to mobilize against the state" (Flora 1983: 22).

Implicit in this account lies the hypothesis that those nations in which the Reformation had a lasting impact and in which an intimate state-church relationship gradually developed, the conditions for the collectivization and nationalization of welfare services were most favourable, the more so as the decline of religion facilitated the growing political salience of class (see for a critical account, Stephens 1979b). In those nations in which Catholicism continued to be a considerable social factor, the conflict between state and church inhibited or at least severely retarded the emergence of a welfare state. This contrast between the Protestant and the Catholic nations (largely identified by their physical distance from Rome) explains the qualitative differences between the welfare states found in these nations. These differences concern the degree of 'stateness' (the level of centralization; the level of state-church

integration; the degree of state intervention in the economy) and the degree of institutional coherence (universalism versus fragmentation)[1]. Apparently, the ideal type of the welfare state refers to a historical combination of universalism and stateness and is taken to comprise the following characteristics: political centralization, nationalization of the church, cultural homogeneity, advanced (democratic) agriculture, lack of, or at least, limited absolutism, smooth democratization and a limited division of state and society. The ideal-type of welfare state development is found in Europe's periphery, that is in Scandinavia, where the physical distance from Rome is greatest.

In an important article Heidenheimer (1983) focused on the relationship between religion and secularization patterns on the one hand and the westward spread of the welfare state on the other. His article is in the form of two imaginary dialogues, the first between Max Weber and Ernst Troeltsch, taking place in 1904, and the second between Ernst Reweb and Max Schroeltt, the modern impersonations of the two great sociologists. The birth of the welfare state is dated 1883, the year of the introduction of sickness insurance in Bismarckian Germany. The question to Weber and Troeltsch is "whether the spread of social insurance is at all related to the religious ethos prevalent in different countries and if so, how do the different branches of Christianity compare in the degree to which they have welcomed or opposed this trend?" (Heidenheimer 1983: 6). In the Weberian perspective it could be expected that adoption of social insurance occurred in an early stage because both doctrine and the intimate relationship between state and church were favourable to "paternalist welfare schemes" (Heidenheimer 1983: 8). Catholic countries are expected to be laggards because Catholicism inhibits economic development. On the account of Troeltsch, on the other hand, there is a crucial difference between Calvinist and Lutheran countries, the latter probably more willing to accept social insurance as a tolerable intervention, the former, because of the association with Liberal capitalism, probably even more slowly in their adaptations than the Catholic nations.

Secularization patterns affect national experiences by altering the velocity with which social insurance schemes are introduced. In the Weberian perspective

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1) These reflections are taken from a lecture by Peter Flora to the second European School of Historical and Comparative Sociological Research on Social Policy, Sociological Institute, University of Amsterdam, november 27th, 1990. Caution is required, for my notes may not be accurate and therefore may not precisely reflect the views of Flora.

secularization is assumed to accelerate the development of the welfare state because it is viewed as a concluding phase of Western rationalization. For the present purposes, however, the most interesting account of the association between secularization and the development of the welfare state is the Troeltschian interpretation, where secularization is seen as a multi-dimensional process. Protestantism may lead to 'internal' and 'external' secularization. "Thus while some functions, like education, may be laicized by transferring them out of the religious arena, religious involvement may be kept from declining, partly by new sect foundings and partly by having the churches adapt by pursuing other ancillary functions. This approach allows one to deal with grafting of Christian values onto secular structures and processes, as well as with the possible reversibility of certain secularization structures" (Heidenheimer 1983: 9).

The manner in which the causal link between Protestantism, secularization and the development of the welfare state is interpreted, is largely convincing. The claim to general applicability, however, might appear exaggerated. The proposal of viewing secularization as a multi-dimensional process provides the clue for a better understanding because it shows that the one-dimensional view of secularization leaves two issues undecided. First, it has little to say about the possibly distinct relationship between Catholicism and the welfare state, other than that Catholicism is probably a retarding factor -an uninformative statement. And second, it seems to disregard what might very well be other important features or dimensions of secularization. I shall deal with the last issue first.

The Condensation of Morality

One could study secularization from another angle and suggest that it also represents the condensation or transference of religious morality into secular ethics. Secularization may be looked upon as comprising a transformation of religious contents into worldly substance; Christian values are increasingly represented in secular terms. One cannot view secularization solely as a process of religious diminution or as the dwindling of the presence of the church in society. It should also be taken to refer to a process of assimilation and translation of a basically religious system of values into a secular ethic. What is at stake here is the adjustment of religious idealism to worldly affairs

and interests. Socialist theory, for instance, has incorporated religious sentiments which provided its critique of capitalism with an ethical foundation (see Janowitz 1976: 20-22) and many of its leaders with agitational qualities or even charismatic appeal. In other words, one way of thinking of the transformation of religious values is understanding it as a process of absorption by, assimilation to, or perhaps even complete transformation into, a worldly ethical system.

As a consequence of this process of transformation, the original Christian content of some of the central values of worldly belief-systems are increasingly difficult to discern. Christian values, in a way, condensate in their secular state. This aspect of secularization makes the open religious influence on politics vanish and supplants it by a "diffuse moralism throughout society" (Mead 1983: 52/53). Modern Western society is still continuously shaped by its own religious heritage, but in a manner which is increasingly imperceptible. In other words, "there may not only be secularization of consciousness within the traditional religious institutions but also a continuation of more or less traditional motifs of religious consciousness outside their previous institutional contexts" (Berger 1990: 109). Phrased like this, however, we end up with the thesis that Christianity is intimately interwoven with the character of modern industrial society and therefore with welfare capitalism. Such an assertion might perhaps be true, but at the same time trivializes the proposed association as indistinct, because in this sense Christianity is affiliated with almost every feature of modern society. We are left with the banality of pantheism.

To be more specific, one could ask which crucial values embodied in social policy one can think of as basically originating in Christian ethics. One argument is that the materialization of religious values has culminated in what might be called a form of implicit Christianity (Kaufmann 1988). The idea of fundamental and universal human rights can be traced back to the Christian principle of the equality of all human beings before God on the basis of the creation of man in God's image ('Gottesebenbildlichkeit', Kaufmann 1988: 74) and Redemption by Jesus Christ. This universal ethic of Christianity is embodied in the increasing opportunities to take part in the institutions of society (inclusion). The materialization of this ethical element in the institutions of the welfare state has by now lost its Christian component, but is still

operational. The welfare state, one might say, is an implicitly Christian form of societal inclusion.

One could also think of social policy as fundamentally comprising a theological dimension (Mead 1983), in the sense that the Christian obligation to give accords a religious sentiment to the public provision of benefits. Formally, the distinction between state and church, for instance, may be clear, but substantially traditional religious values affect social policy. This theological dimension of social policy becomes visible when governments try to cut social spending. The difficulty to substantially do so may have to do with "a theological imbalance: it is simply much easier to justify giving things to the needy than not giving them in the light of the religious ideas that, directly or indirectly, have shaped Western notions of the social good. Policy-makers may not think of themselves as religious, but they are products of a culture which for centuries has respected Biblical images of what it means to do good to others" (Mead 1983: 54). Whatever the strength of the rational, analytical arguments in favour of restraint, "none of these answers the religious case for welfare or collectivism on its own ground. A policy of restraint, whatever its other merits, must still be culpable in terms of a moral tradition commanding unlimited provision for the poor" (Mead 1983: 54)[2].

On the Spirit of Social Capitalism

Charity, as the expression of the foundational Christian value of brotherly love, can indeed be viewed as according a theological dimension to social policy. Charity is an example of the manner in which an openly religious precept was converted into a form of implicit Christianity. Now, at first sight, such claims seem counterintuitive, for charity is routinely viewed as antithetical to the welfare state. Charity, it is argued,

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2) Such a specification appears to make sense empirically and may account for some of the fundamentally moral discourses on social policy in terms of obligations, responsibility and care in relation to retrenchment policies. As argued elsewhere (Van Kersbergen and Becker 1988: 495) and elaborated in chapter 11, the extraordinary political influence of the church and religion in general in the Netherlands and the presence of an almost religiously inclined Social Democratic movement, for instance, favoured the predominance of a paternalist Christian conception of social policy in which notions such as 'caring for the weak', 'victims of unemployment', the 'caring society' and the like still play a major ideological role.

refers to the religiously inspired obligation to give; the welfare state is essentially a matter of secular rights. Yet, I hold that there is a way in which charity as a Christian maxim became crystallized in a version of the welfare state, namely through the social Catholic reformulation of charity as social justice and through Catholic politics.

The argument in favour of this claim is somewhat complex and begins by the conjecture that Protestantism and Catholicism differ fundamentally in their appraisal of capitalism. For reasons of exposition I first shortly summarize the path of the argumentation and then present the detailed analysis. Unlike ascetic Protestantism, which has adopted its theology to capitalism gradually in such a way that this religion became eventually its prime moral apologist, Catholicism has not only systematically refused to accept capitalism at a comparable pace, but in fact refused to do so unconditionally. Worldly economic activity on the Catholic account became the object of a socio-religious critique rather than the appropriate place to seek proof of grace. Catholic social theory has always been strongly infused with anti-capitalist ingredients. For this reason one might expect a more direct affiliation between Catholicism and the origins of the welfare state[3]. One of the main reasons for these divergent roads of accommodation to capitalism may be found in the contrast between Protestantism's association with the spirit of capitalism and Catholicism's connection with what I heuristically call the 'spirit of social capitalism'.

The Weber Thesis

The obvious starting point for the analysis is Max Weber's 'The Protestant Ethic and the Spirit of Capitalism'. In this pièce de résistance of classical sociology Weber shows that Catholics and Protestants differ systematically through their religious belief

3) If one would except that the inauguration of social legislation in Germany marks the institutional birth of the welfare state, than Catholicism was there as its midwife. Bismarckian social policy was implemented with support of the Catholics and Conservatives and against the Socialist will. The Catholics "(...) deliberately choose an incrementalist strategy of social reform (...)" and "held a position in the political struggle that was neither Liberal nor Socialist nor Conservative (...) they were the unique party that was able to cooperate with all of these tendencies in one or another respect. Hence their 'central' and integrative role in the political game of the German Reich" (Kaufmann 1983: 9; see also Kaufmann 1988: 81-86).

systems in their respective attitudes towards economic life. They diverge in their association with the 'spirit' of capitalism.

The 'spirit' of capitalism is not merely a specific attitude towards the making of profit or a way of making one's way in the world, but a peculiar ethic. The moral attitudes of the 'spirit' (honesty, punctuality, industry, frugality) in first instance appear to serve the purpose of making money; they may be seen in terms of pure utilitarianism. However, "the *summum bonum* of this ethic, the earning of more and more money, combined with the strict avoidance of all spontaneous enjoyment of life, is above all completely devoid of any eudaemonistic, not to say hedonistic, admixture. It is thought of so purely as an end in itself, that from the point of view of the happiness of, or utility to, the single individual, it appears entirely transcendental and absolutely irrational. Man is dominated by the making of money, by acquisition as the ultimate purpose of his life. Economic acquisition is no longer subordinated to man as the means for the satisfaction of his material needs. This reversal of what we should call the natural relationship, so irrational from a naïve point of view, is evidently as definitively a leading principle of capitalism as it is foreign to all peoples not under capitalistic influence. At the same time it expresses a type of feeling which is closely connected with certain religious ideas" (Weber 1976: 53).

This ethic, then, is religiously induced. Making money in order to make money is the expression of virtue and proficiency in a 'calling'. The idea of a calling constitutes an irrational element in the otherwise rational spirit of capitalism. A fundamental difference between Protestantism and Catholicism concerns the former's peculiar notion of the 'calling'. The 'calling' has the connotation of a task set by God. It refers to a life-task, a certain field in which to work. The religious significance of daily life is the fulfillment of the duty in the world set by God.

The moral justification of worldly affairs was one of the most important consequences of the Reformation. It differs fundamentally from the retreat from worldly life as embodied in medieval monasticism, but also from what Weber calls the Liberal utilitarian compromise with the world that the Jesuits came up with. The Lutheran interpretation of the 'calling', however, is still largely traditionalistic. Above all it meant that an individual should remain in the position in which God had wanted him to be. Worldly activity should take place within the limits of the calling. As a

consequence, the ethical effect of the introduction of the conception of the calling was largely and for the time being negative: it merely accorded a more prominent place to worldly affairs. This negative consequence was transformed by Calvinism into a positive worldly ethic. Both Lutheranism and Catholicism abominate Calvinism alike precisely because of the latter's ethical peculiarities. The difference between Lutheranism and Catholicism on the one hand and Calvinism on the other lies to a large extent in their dissimilar views on the relationship between the religious life and earthly activity.

The pursuit of material gain and worldly goods as an end in itself was as such never an ethical value to any of the Calvinists. There is no direct association between the Calvinist doctrine and the spirit of capitalism. The cultural consequences of the Reformation were often unforeseen and unintended consequences of the actions of the reformers. It is therefore ultimately the practical ethics of the ascetic branches of Protestantism that matter.

Nevertheless, since dogma is important for understanding the psychology of the pious believer the teaching of Calvin is crucial for understanding the association between the ethic and the spirit. The most characteristic dogma of Calvinism was the idea of predestination. It meant that some people were predestined to everlasting life, others to everlasting death. And what is more, nothing could be done to influence God's eternal decision. Calvin took Luther's teaching on this to its logical conclusion, stressing predestination and the complete transcendence of God.

Only a part of humanity is saved, the rest is damned. Where Catholicism assumes that fate is to a certain extent contingent, Calvinism denies every form of influence on God's decrees. Eternity cannot be altered. In addition, God cannot be reached nor understood. The grace of God cannot be attained nor lost. Yet, He did decide upon the eternal fate of every single individual and steers the universe even in its smallest parts. God has become truly transcendental.

A crucial step concerns the transition from theology to practical ethics, the psychology of the believer, and the prominence of 'proof'. In all its splendid horror it is one of the most 'beautiful' fragments of Weber's essay and I will quote it at length. The fragment is clearly meant to highlight the contrast between Calvinism and Catholicism. "In its extreme inhumanity this doctrine must above all have had one

consequence for the life of a generation which surrendered to its magnificent consistency. That was a feeling of unprecedented inner loneliness of the single individual. In what was for the man of the age of the Reformation the most important thing in life, his eternal salvation, he was forced to follow his path alone to meet a destiny which had been decreed for him from eternity. No one could help him. No priest, for the chosen one can understand the word of God only in his own heart. No sacraments, for though the sacraments had been ordained by God for the increase of His glory, and must hence be scrupulously observed, they are not means to the attainment of grace, but only the subjective *externa subsidia* of faith. No church, for though it was held that *extra ecclesiam nulla salus* in the sense that whoever kept away from the true Church could never belong to God's chosen band, nevertheless the membership of the external Church included the doomed. They should belong to it and be subjected to its discipline, not in order thus to attain salvation, that is impossible, but because, for the Glory of God, they too must be forced to obey his commandments. Finally, even no God. For even Christ had died only for the elect, for whose benefit God had decreed His martyrdom from eternity" (Weber 1976: 104).

The individual was truly alone, knowing a decision had been made about his personal destiny, but unaware as to its contents. The conclusion of the exposition of the Calvinist creed is that the complete elimination of salvation through the church and the sacraments constituted the absolutely decisive difference from Catholicism. This process is called the "elimination of magic from the world" (Weber 1976: 105)[4].

There were no means left for attaining the grace of God, not even the magical ones. The inner isolation of the individual produced the characteristic negative attitude of Calvinists towards the sensuous and emotional elements of religion. These are of no use for the attainment of eternal grace and only can lead to "sentimental illusions and idolatrous superstitions" (Weber 1976: 106). The individual's isolation led also to a pessimistically inclined individualism. There is only trust in God. Not even friends

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4) "Entzauberung der Welt" literally means the disenchantment of the world and as such can be viewed as an important condition of the process of secularization. One of the conclusions of Thomas' (1984: 786) study on 'Religion and the Decline of Magic', for instance, comes very near Weber's thesis. He argues that "it was the abandonment of magic which made possible the upsurge of technology, not the other way round (...). The technological primacy of Western civilization (...) owes a sizable debt to the fact that in Europe recourse to magic was to prove less ineradicable than in other parts of the world".

should be trusted. Only God should be your confident. Another important difference between Calvinism and Catholicism is found when this attitude towards life is believed to be connected with the quiet disappearance of the private confession -so important in the religious practice of Catholicism- from all the regions where Calvinism fully developed. The importance of this event is found in the fact that "the means to a periodical discharge of the emotional sense of sin was done away with" (Weber 1976: 106).

For individuals tormented in such a way by the uncertainty over their personal predestined destiny sooner or later the question must arise 'am I one of the elect?' This problem of the uncertainty about the state of grace became the dominant issue within the Calvinist faith. In particular, practical pastoral work was confronted by the psychological suffering that the combined doctrines of predestination and the transcendence of God caused. Quite unlike the practice of Catholic priests of course, the Calvinist pastoral advice first of all consisted of prescribing self-confidence as confidence in one's faith and fate. Secondly, an active outlook towards the world was considered the best means to reinforce certainty about one's fate. Success in worldly affairs could be taken as a sign of election. The Calvinist, in a sense, almost creates his own salvation, or, as would be more accurate, the conviction of it. God only helps those who help themselves to be certain. Salvation, however, can never, as in Catholicism, be attained by the accumulation of good works.

The Calvinist thesis of proof of grace is in fact the reversion of the doctrine of salvation by good works. Interestingly enough, fatalism would be the only logical consequence of the idea of predestination (Weber 1976: 232, fn 66). But there is a difference between what is the logical and what is the practical result. The concept of proof engenders precisely the opposite through the psychological mechanisms of loneliness, fear and uncertainty.

The Calvinist creed is opposed to the medieval asceticism for the latter implied a retreat from the world. The same ascetic ideals now had to be pursued in worldly occupations. Calvinism added something positive to the negative worldly asceticism of Lutheranism, namely the idea of having to prove one's faith by means of worldly activity. Calvinism, unlike Lutheranism and Catholicism, forced men and women into a methodical quality of ethical conduct which led to a thoroughgoing Christianization

of the whole life. This seeking of proof of grace, of the certainty to be among the chosen, is the last decisive step in the argument about the religious foundations of worldly asceticism. The quintessence is that this inner-worldly asceticism of Calvinism is associated with the spirit of capitalism.

Hard labour was first of all preached as an approved ascetic technique. Moreover, hard work became the real purpose of life, whereas the unwillingness to work was considered to be the sign of imperfect or even lack of grace. So, the centrality of the concept of the calling was decisive. However, God does not just provide every single individual with a personal calling in the sense of a life-task, a station in life which they have to abide. For the calling is not a fate, but a Divine commandment. And this is equally valid for the poor as for the rich, because the latter, too, have to obey God's commandments.

Outside a calling human accomplishments are said to be casual and irregular. A calling produces the systematic and methodical behaviour demanded by inner-worldly asceticism. The modern division of labour, so different from the guild system of medieval times, was legitimized and supported by the emphasis on the ascetic significance of a calling. The making of a profit by an entrepreneur was evaluated in very much the same way.

This type of asceticism was primarily and strongly opposed to spontaneous enjoyment of life. It prescribed restricted consumption of luxury goods in particular. Nevertheless, at the same time the traditionalistic ethics surrounding the acquisition of goods were done away with. Quite paradoxically, the pursuit of riches for one's own sake was still condemned. Asceticism disapproved of the pursuit of material gain as an end in itself. But more importantly: "the religious valuation of restless, continuous, systematic work in a worldly calling, as the highest means to asceticism, and at the same time the surest and most evident proof of rebirth and genuine faith, must have been the most powerful conceivable lever for the expansion of that attitude toward life which we have here called the spirit of capitalism" (Weber 1976: 172).

The result of a restriction of consumption in combination with the ethical approval if not encouragement of acquisitive behaviour obviously was accumulation of capital through saving. In this sense, the accumulation of productive capital can be interpreted as an effect of the restraints upon consumption. The inner-worldly

asceticism of the Puritan favoured the rational bourgeois economic life. This Puritan ethical logic, in short, is the cause of the modern rational capitalist attitude towards economic life, that is the spirit of capitalism.

It is of course true, that virtually all Christian denominations in some way or another stress the importance of a life of hard labour as increasing the glory of God[5]. For the present purposes, however, one of the important conclusions is that ascetic Protestantism, as opposed to Catholicism, perhaps not produced, but at least deepened this conviction and created a force which was decisive for its effectiveness.

Early Critics of the Weber Thesis

Some of Weber's early critics felt that they were obliged to defend their religions against the way the sociologist portrayed Protestantism or Catholicism. The Protestant critic typically protested that his religion could not be held to be the sole responsible for the vices and misery of modern times. The Catholic critic argued that Catholicism, too, had contributed to progress. So, as early as 1933, H. M. Robertson complained that "many writers have taken advantage of an unpopularity of capitalism in the twentieth century to employ them in attacks on Calvinism" (1973: 59, originally 1933). The controversy over Weber's famous thesis was therefore initially influenced by its "avowedly partisan nature" (Marshall 1982: 10). The Catholic historian in particular became the adversary of Weber because of the latter's representation of Catholicism as primarily retarding economic progress (see Giddens 1976: 9; see also Tawney 1975, originally 1926; Brodrick 1934).

Two arguments present in the early stage of the debate are particularly interesting, for they directly deal with the relationship between Catholic doctrine and the 'spirit of capitalism' (Sombart 1959, originally 1913; Fanfani 1935). It is equally

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5) On the other hand, Eder (forthcoming) identifies three sources of the modern work ethic of which the Calvinist is only one. Lutheranism is defined as a primarily inwardly looking search for proof. "Calvinists (...) have become virtuosi of outer-worldly activity; the Lutherans have become virtuosi of self-observation and self-interpretation. Both cultural traditions have contributed to the modern work ethic. The first produced the work ethic based on rational motivation. The second produced a mere instrumentalist work ethic, one treating work as a sphere of mere necessity to which we are subject". The work ethic of rural groups stems mainly from the Catholic creed, which had as its model the collective labour discipline of monasticism.

interesting as astonishing, however, to note that there are entirely opposed opinions considering the role of Catholicism. The first claim is that it was Catholicism and not Protestantism (in its Puritan form) that was most beneficial to capitalist growth. If any religion is to be held responsible for the middle class (bourgeois) values as such, it must be Catholicism, because these values existed long before the Reformation and were adhered to by Scholasticism. Acquisitiveness was not a Puritan invention, for Puritan preachers were against the making of money as an end in itself, unless it served the purpose of increasing the glory of God (Sombart 1959).

The second claim, by contrast, is that the Catholic ethos has always been anti-capitalistic, that Catholicism has opposed the establishment of capitalism and that insofar as Catholicism did promote capitalism this must be interpreted as an unintended consequence of doctrine, that is as accident not design. The point is historical rather than theoretical. Catholicism has simply lost the battle against capitalism. The church has continuously tried to hinder the establishment of the modern economic system. From the time that it was evident that capitalism would be the victor of the battle the anti-capitalist ethos of Catholicism lost much of its influence. A renewed attempt to recapture some power in economic and social matters marked the birth of social Catholicism (Fanfani 1935: 146). Catholicism's anti-capitalism, in other words, was gradually translated from a reformist theology into a critical theory of capitalism.

These conflicting viewpoints can be synthesized if one accepts 1) that both religions have gradually adapted to modern capitalism, however in different ways and at a different pace; 2) that accordingly there exists a fundamental difference between traditionalist and modern Catholic social thought (*Rerum Novarum* marking the transition) and early and later Protestant doctrine; and 3) that modern Catholic social thought in particular has blended pro- and contra-capitalist elements in a 'spirit' of social capitalism.

The most promising line of thought, then, holds that the spirit of capitalism did not spring from any religious inspiration whatsoever, but rather must be interpreted as a result of specific material conditions (Robertson 1973). The chicken-and-the-egg-discussion implied in this view, however, is irrelevant for the present purposes, the crucial point being the introduction of some notion of development and change. The idea of the 'calling' was originally employed as a means to combat capitalism and not

to support it. The concept only gradually changed its meaning. Weber is accused of anachronism. He did not notice "the change in the conception of the 'calling' from an antidote against covetous ambition to a comfortable doctrine suitable for a commercial people" (Robertson 1973: 64). The causal connection between religion and spirit has to be turned upside down. The spirit of capitalism was responsible for a gradual modification of the middle class Puritan doctrine of a calling (Robertson 1973: 72).

Catholicism, too, has been favourable to capitalism very much in the same manner as in which the later Puritans can be said to have been. The Jansenists as well as -to a lesser extent maybe- the Jesuits employed doctrines not unlike the doctrine of the calling and with the same practical effect. Catholic doctrine strikingly resembles the connotation of the calling, and therefore "it might just as easily be claimed for Catholicism as for Puritanism that it made a demand for a worldly asceticism of rational toil" (Robertson 1973: 71). Catholicism cannot be said to have been decidedly influenced by Protestantism in this respect, for the capitalist spirit already existed before the Reformation.

Both Protestants and Catholics spoke with an ambiguous voice. On the one hand they stressed elements favouring capitalism and on the other hand they pointed to the dangers of riches[6]. Why, then, did Weber maintain that in the case of Calvinism as opposed to the case of Catholicism the pro-capitalist elements gained momentum? There appears to be no answer to this question because "(...) as a rule the Calvinistic contribution to the capitalist spirit was the same as that of the Jansenists or stricter school of Catholics, consisting of the encouragement of industry, thrift, order and honesty; while the Jesuits went further and favoured enterprise, freedom of speculation and the expansion of trade as a social benefit. It would not be difficult to claim that the religion which favoured the spirit of capitalism was Jesuitry, not Calvinism" (Robertson 1973: 83).

Difficult or not, it appears not the right way to approach the problem. There exists a much more plausible explanation for the association between the churches and the spirit of capitalism. This explanation is that the Christian churches were forced to adapt to the spirit of capitalism, but did so in divergent manners. Returning to the

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6) Schama (1987), for instance, in his beautiful book on the Dutch civilization of the seventeenth century, tellingly refers to 'the embarrassment of riches'.

Weber thesis, one could hold that unlike ascetic Protestantism, which has adopted its theology to capitalism gradually in such a way that this religion became eventually its prime moral apologist, Catholicism has not only systematically refused to accept capitalism at a comparable pace, but in fact refused to do so unconditionally. This, then, is the fundamental proposition of the present discussion: Protestantism accommodated early and completely to capitalism; Catholicism later and in a more fragmentary and incomplete way. This to my mind partly explains the character of the early debate and the inconsistency in the argumentation of the criticism from the Catholic side. Both positions can be supported, for yes, Catholicism did not solely constitute a retarding force for economic progress; and yes, Catholicism has always provided a critique of capitalism. However, one should make a distinction between traditionalist Catholicism and modern social Catholicism. In the latter the retarding element (for instance the doctrine on usury) has been translated into a positive critique of capitalism and contains basically the Catholic version of reformist policies under capitalist conditions.

Protestantism's choice in favour of capitalism was facilitated by the fact that it originated as an anti-traditionalistic force in the first place. It was fundamentally opposing Catholic traditional power and Catholicism, as a result, was forced to defend traditionalism. Catholicism, then, became so firmly associated with the old order that it remained for a long time a vigorous anti-modernist church. It struggled well into the twentieth century against all varieties of modernism, be it the enlightenment as such, capitalism, Liberalism, democracy or Socialism. The battle against capitalism was just one, albeit central, element in this struggle against modernity. The Roman Catholic church eventually had no choice than to accommodate to capitalism, which it only gradually and conditionally accepted. At the same time Catholicism's medieval social ideas were revitalized as a strategy for formulating a solution for the social question, which capitalism was producing next to its material gains. Now, how could one best understand this process of accommodation?

I think one way of approaching the problem is by studying one of the most striking differences between ascetic Protestantism and Roman Catholicism in some more detail. This regards the decidedly divergent manners in which these religions control what has been called the 'salvation panic'. This 'panic' established a permanent

feature of the life of the Calvinist believer for which no relief was possible. As a consequence of predestination and the complete transcendence of God, there existed no course or conduct to secure salvation. Psychologically induced, diffused through pastoral work and with distinct practical effects, the salvation panic did not lead to the logical conclusion of fatalism, but -mediated through the idea of the possibility of proof of grace in a worldly calling- to the unintended consequence of inner-worldly asceticism. This inner-worldly asceticism, in turn, is directly associated with the spirit of capitalism. The complete elimination of salvation through the church and the sacraments constituted the decisive difference between ascetic Protestantism and Catholicism.

The Catholic had many more possibilities of dealing with and acting upon uncertainty over personal destiny. The Catholic believer could always try to seek compensation for imperfection or for sinful behaviour through the church and the priest. Surely, in order to correct imperfection something had to be done in order to show repentance and good will. The pious believer in his weakest moments could at least show the intention of improving upon imperfection, of bettering the sinful life, of correcting weakness and of compensating for shortcoming. Forgiveness of sins, absolution and even eternal salvation could be reached by an accumulation of good works. The Catholic creed allowed the salvation panic to be transformed from a permanent feature of daily life into a momentary discomfort of religious practice. In Catholicism a number of different ways of dealing with the crisis of Divine recognition could be found.

The accumulation of good works as a medium of personal religious relief by means of the material relief of others constitutes the core of 'the spirit of social capitalism'. Let me illustrate this with the official church teaching on private property. Private property as such was never condemned. Only certain forms of its anti-social use could be seen as sinful. Any form of surplus lawfully gained, for instance, gave the proprietor the opportunity to do good. The surplus enabled the rich man to give alms as a Christian duty. The problem of private property was not of an economic nature at all, but "there was an ethico-religious problem, which fluctuated between the radicalism of the claims of love and the natural claims of the necessity of earning a living" (Troeltsch 1931: 116).

The glorification of the poor, too, has to be interpreted as primarily possessing the disposition to increase the rich man's ability to do good and consequently through the accumulation of good works to attain salvation. Protestants have fundamentally different views on poverty than Catholics. Whereas the former regard being poor as a state to be avoided because it is taken as proving damnation, the latter considers poverty as an opportunity to do good, and the act itself of doing good is 'infused' by the duties of neighbourly love. The poor themselves, however, occupy a special place in the Gospel, for Jesus' message was mainly that poverty facilitates salvation. Charity, then, assumes its importance in this context of achieving forgiveness of committed sins through the accumulation of good works to the benefit of those who are privileged to suffer. These are the central components of the spirit of social capitalism which addresses the rich and the poor alike.

Charity

Charity, of course, has been a central element of Christianity ever since Jesus preached the Gospel. The Christian tradition of charity goes in fact back to striking features of the communal tradition of Judaism where welfare arrangements were elaborated. Early Christian communities imitated these services. The early Christian communities were based on the religious communism of love. It was "a communism which regarded the pooling of possessions as a proof of love and of the religious spirit of sacrifice. It was a communism composed solely of consumers, a communism based upon the assumption that its members will continue to earn their living by private enterprise, in order to be able to practice generosity and sacrifice. Above all, it has no theory of equality at all, whether it be the absolute equality of sharing possessions, or the relative equality of the contributions of the various members to the life of the whole according to merit and service" (Troeltsch 1931: 62).

This communism of love was not a fundamental idea of Christianity, but rather an effect, the real fundamental concept being the salvation of souls. Charity in pre-Thomist Catholicism, as an extension of the communism of love, was religious rather than social policy. Its aim was not the relief of poverty nor the improvement of a social order which produced suffering. Instead, charity was to show the spirit of love. Relief

was seen as the effect of the spirit of love, which in turn could be taken as a sign of the Divine origin of the principle. "Poverty is still highly honoured, as a method by which we reach the knowledge of God; indeed, it is often voluntarily induced by giving away all one's possessions. At the same time, the relief of distress extends no farther than securing the minimum of existence. The spirit of restraint and simplicity of life are not to be given up; rather this spirit ought to be encouraged both in those who give and in those who receive. Both almsgiving and the method of charity ought to be regulated by this standard. It is only the emphasis laid on the religious nature of this love as the revelation of a spirit, combined with the exaltation of poverty, which explains the fact that this charitable activity very soon, and quite naturally -as the earlier ethic of love shrank into one of 'good works'- was able to merge itself in ascetic achievements, whose aim was no longer the welfare of others but the salvation of one's own soul" (Troeltsch 1931: 135).

Relief as the result of the spirit of love was limited to voluntary initiatives. The logic of charity could not be imposed upon the institutions of public authority, although the state could support the private initiative. Such an attitude excluded in principle an active stance in matters of social policy and reform of society. This was not so much the result of short-sightedness, but the consequence of the idea of the spirit of love. In the early centuries of Christianity the church was indeed able to provide relief at a large scale. In later periods this became increasingly difficult. Structural reform of society did not belong to the vocabulary of the church, since the world was the place where Satan ruled. So, when misery increased and charity decreased in effectiveness, the conclusion was reached that it was a punishment from God.

Form the outset, charity was an intra-communal affair, that is, an aspect of the love of communism in the strictest sense. As a result of the differentiation of society, however, charity's function and place changed. Relations of charity lost their personal character. Almsgiving was regulated by institutions and mediated by the religious hierarchy. "In this atmosphere the whole practice of charity was changed from being a means of help to others into a practice of ascetic self-denial, into 'good works' which acquire merit for oneself and for others, into penances for sin, and into a means of mitigating the fires of purgatory" (Troeltsch 1931: 136). Charity lost its original meaning. And although the institutions of charity were vehicles of civilization, the

original idea of making sacrifices for the sake of love disappeared. These ideas did not contain the solution for social problems. Alms could not assume the status of a right or a claim. They were fundamentally "a gift of love, to be received in love and humility" (Troeltsch 1931: 137). The religious duty or the religious means to discharge sin on the part of those who had a surplus was not matched by a rightful claim on the part of those who lacked a minimum of subsistence.

Such then was the position of the spirit of love and charity at the eve of the industrial and political revolutions of the late eighteenth and early nineteenth centuries. By that time charity was materialized in a large number of charities. It grew out to be a church-funded systematic relief arrangement for the poor, bereft of its personal and intra-communal character. Instead of the early communism of love, one might say, evolved the institutionalization of impersonal gifts. Almsgiving in this sense was well into the eighteenth century the main basis of assistance. Moreover, "alms were (...) regarded as constituting a form of graduated tax levied in favour of the poor from all those who, whether of noble birth or bourgeois, had any superfluity" (Groethuysen 1968:142).

The theory behind charity and almsgiving concerned primarily the idea that the wealthy must buy their place in heaven by alms. Almsgiving was a means to salvation for the rich. "If the rich man can have some assurance of his eternal predestination, and some safeguard against this unhappy reprobation which envelopes him, it is through his alms. Oh, how many rich persons have safely reached the haven of salvation after treading the corrupt paths of the world for so many years! (...) It is true that you deserve the severest punishment, and my justice should descend upon you in a thousand cases; but you have set up a barrier which stops it -your alms", said Hyacinte de Montargan in 1768 (as cited by Groethuysen 1968: 144). The reflection upon the nature of poverty in the eighteenth century was conducted "in the shadow of a raging polemic involving on one side traditional charity and on the other a more secular and optimistic system of values to which the Enlightenment thinkers attached the term bienfaisance" (1982: 2).

The meaning and contents of charity and almsgiving in the period immediately preceding the industrial revolution comes well to the fore if one studies the critique of traditional charity by the Enlightenment. Christian charity had a denominational and

sectarian character and was directed to the spiritual rather than the material or physical well-being of the poor. And what is more, "it also adjudged the terrestrial fate of the recipient as of lesser account than the salvation of the giver: almsgiving was a method of easing the charitable donor's soul through the after life and the recipient was merely an incidental means to a lofty end" (Jones 1982: 2).

Charity, then, was too much dependent upon the good will (and fear) of the benefactors and not enough subject to methodical conduct. It did not posses the instruments for adequately reacting to the continuously changing conditions of the eighteenth century (see Jones 1982: 3). The institutions of charity were unable to make a distinction between the 'deserving' and the 'undeserving' poor. There existed no clear definition of the object of charity. From the handouts at the gate of the convent both groups could equally profit. The object of charity included the 'undeserving' vagrants as well as the sick, the disabled, widows, orphans, and other 'deserving' poor. Finally, charity was too much confined to the relief of the urban poor, whereas the agrarian areas were hardly reached[7].

Charity as a perennial characteristic of Christianity and as a means to relief the poor out of love was in serious crisis at the moment industrial capitalism was producing a new, even further alienated class of poor, the proletariat, and a secularized class of rich entrepreneurs. Paradoxically, the first attempts to deal with the new situation led the Vatican ideologues to search for a revitalization of the idea of charity. This is one of the reasons for the reemergence of Thomist philosophy as the official philosophy of Catholicism and of Thomas Aquinas as the undisputed authority and

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7) Fairchilds' study of poverty and charity in Aix-en-Provence shows that thousands of charitable institutions existed in Old Regime France which provided relief for virtually all types of needy poor one can think of. "The traditional charities of the Old Regime were the product of a certain set of circumstances associated with the France of the early seventeenth century -especially the religious attitudes of the counter-Reformation, with their emphasis on the Christian duty of charity and their concern for the moral reformation of the poor" (Fairchilds 1976: 160). And furthermore, "this was a transitional period in the history of public assistance. The religiously inspired private almsgiving of the Middle Ages had been repudiated as ineffective, but the modern principle that the state was responsible for the material welfare of its citizens had not yet been established. This would come only with the French Revolution (...). With the absence of both church and state from the field of aid to the poor, the resulting vacuum was filled by private local charities. These institutions were secular, although the donations they received were still religiously inspired" (Fairchilds 1976: ix/x).

official exponent of Catholic teaching[8]. Another reason for the Thomist revival is that this philosophy was particularly apt to face modernity and the Enlightenment because the central concept of Thomist philosophy is reason. In this sense, it was it possible to encounter enlightened philosophy on its own grounds.

A Hypothesis

On the basis of these considerations the following hypothesis seems plausible: the 'buying' of salvation through almsgiving as charity was an important element of Christian social thought at the eve of the social, economic and political revolutions of the eighteenth and nineteenth centuries. Charity is the crucial concept for understanding the accommodation of the medieval heritage to capitalism. In order to find the heart of 'social' in the Catholic view of social capitalism, it makes sense to explore the tradition of charity somewhat further here. In particular the manner in which the religious inspiration behind the theory of almsgiving and charity became 'modernized' strikes me as fundamental for understanding the emergence of a more or less coherent view on the possibilities and limits of social policy within capitalist constraints.

Catholicism has not been particularly acquiescent, nor for that matter quick, in its conditional acceptance of industrial capitalism -and I take the dates of publication of the two most important social encyclical letters as indicative for this: *Rerum Novarum* (1891) and *Quadragesimo Anno* (1931). The prevalence of the theory of charity in Catholic ideology may very well have thwarted and frustrated a more smooth and painless transition to a more moderate and workable view on modernity and industrial capitalism.

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8) Anthony Kenny (1976) in his introduction to a collection of critical essays on the philosophy of St. Thomas regrets this official recognition by the Roman Catholic Church as the greatest single obstacle to the appreciation of Aquinas as a philosopher. First of all, the ecclesiastical approval gives the non-catholic reader the impression that the Summa Theologica is party-propaganda. Secondly, there is a large number of Thomists "whose comprehension of Aquinas does not always keep pace with their enthusiasm" (Kenny 1976: 2). Thirdly, Thomas' integrity as a philosopher may be at stake. He is accused of proving philosophically what the Catholic church already assumes as true. One must remember that "when official or semi-official Catholic teaching coincides with that of Aquinas it is often the case of the official teaching agreeing with Aquinas rather than Aquinas agreeing with the official teaching" (Kenny 1976: 2/3; see also Kenny's book on Thomas Aquinas as a philosopher, Kenny 1980).

Two questions spring to mind: what is it in charity that may be considered to be the cause of the long-term resistance against the acceptance of capitalism? And why was the concept and practice of charity in need of modification in the first place? I try to provide an answer by arguing that charity's reliance on the Christian inspired obligation to give ultimately would have ended in futility under conditions of a secularizing, industrial capitalist world. The lack of a conception of rights corresponding with the duties of charity resulted in a period of transition in which a new Catholic version of justice was being developed. First of all, it makes sense to study St. Thomas' philosophy of charity as the starting point of further Catholic elaborations (the philosophical problem). Next, a conceptual analysis of the usage of 'charity' in the English language serves as a problematization of charity (the conceptual problem). Then I will discuss an attempt within contemporary philosophy to show that the line between charity and justice is hard if not impossible to draw (the ethical problem). In the next chapter I present an analysis of the historical development of doctrine.

The Philosophical Problem: Thomas Aquinas on Charity

Thomas Aquinas (1978) devotes several sections of his *Summa Theologica* (ST) to charity (ST, II,II, questions 23-46). First of all, it is argued that charity is friendship of a particular kind. Charity is defined as love combined with benevolence, i.e. the wish to do good. Friendship is twofold: love for the friend to whom friendship is given and the love for those good things which are desired for the friend. Charity is created 'in the soul', which means that "for us to perform the act of charity, there should be in us some habitual form superadded to the natural power, inclining that power to the act of charity, and causing it to act with ease and pleasure" (ST, II,II, Question 23, article 2, p. 484).

Charity is a special kind of virtue. Aquinas argues that the proper object of love is the good. As a consequence, there is a specific kind of love for every aspect of the good. "But the Divine good, in so far as it is the object of happiness, has a special aspect of good. And so the love of charity, which is the love of the good, is a special kind of love. Therefore charity is a special virtue" (ST, II,II, Question 23, article 4, p. 486).

Moreover, charity is argued to be a virtue more excellent than faith and hope, indeed, than all other virtues. Accordingly, no true virtue is possible without charity. In fact, charity is the form of virtue. Aquinas stresses the fact that charity is in the will, i.e. in the so called intellectual appetite (reason through which truth can be known) and not in the emotional appetite. It is poured into us by the Holy Ghost (infusion) and it has the disposition to grow. That charity can grow raises the question whether charity can be perfect on earth. St. Thomas answers that "With regard to the object, charity is perfect if the object is loved as much as it is lovable. Now God is lovable as He is good, and His goodness is infinite, and therefore He is infinitely lovable. But no creature can love Him infinitely since all created power is finite. Consequently no creature's charity can be perfect in this way (...). On the part of the person who loves, charity is perfect when he loves as much as he can" (ST,II,II, Question 24, article 8, p. 495).

According to the philosopher there are three possible ways of attaining perfect charity. The first one is in heaven and therefore of no relevance here. Second, there exists the perfection possible for a wayfarer, who tries to devote his time to God and Divine things. Thirdly, Aquinas sees the possibility of the one who has charity and who "gives his whole heart habitually, that is by neither thinking nor desiring anything contrary to the love of God" (id). Progress in life with respect of the perfection of charity is possible according to three stages. There are the beginners "in whom charity has to be fed or fostered lest it be destroyed", the proficient "whose chief aim is to strengthen their charity by adding to it" and the perfect "who desire to be dissolved and to be with Christ" (ST, II,II, Question 24, article 9, p. 497).

Question 25 deals with the object of charity and holds first of all that the love of charity does not stop at God but extends to our neighbour. This is the crucial point. What is to be loved in our neighbour is God, "since what we ought to love in our neighbour is that he may be in God. Hence it is clear that the act by which we love God, and by which we love our neighbour is specifically the same. Consequently the habit of charity extends not only to the love of God, but also to the love of our neighbour" (ST, II,II, Question 25, article 1, p. 501).

The neighbour (and every human being should be considered to be a neighbour) can be a sinner. Should the Catholic then love a sinner as well out of charity? St.

Thomas answers that "two things may be considered in the sinner, his nature and his guilt. According to his nature, which he has from God, he has a capacity for happiness, on the fellowship of which charity is based (...); therefore we ought to love sinners, out of charity, in respect of their nature. On the other hand, their guilt is opposed to God, and is an obstacle to happiness. Therefore (...) all sinners are to be hated (...). For it is a duty to hate, in the sinner, his being a sinner, and to love in him, his being a man capable of bliss" (ST, II,II, Question 25, article 6, p. 505).

In other words, the sinner is to be loved, not the sin. What about enemies? Remember the famous expression in Matthew 5.43-44: "Ye have heard that it hath been said, thou shalt love thy neighbour, and hate thine enemy. But I say unto you, love your enemies, bless them that curse you, do good to them that hate you, and pray for them which despitefully use you, and persecute you". Or Proverbs 25.21 which holds: "If thine enemy be hungry, give him bread to eat; and if he be thirsty, give him water to drink"[9].

Now Aquinas first of all argues that these fragments cannot possibly mean that an enemy is to be loved as an enemy. This would be 'perverse' and not charity, for how could one love the evil character of another? Secondly, charity does require that we love our enemies, namely, "that in loving God and our neighbour, we should not exclude our enemies from the love given to our neighbour in general". Thirdly, charity requires that "we should be ready to love our enemies individually, if the necessity were to occur" (ST, II,II, Question 25, article 8, p. 507).

Of particular importance for the present purposes are the so called external acts of charity: beneficence, almsgiving and fraternal correction. Beneficence simply means doing good to others. Almsdeeds is of more relevance here. The motive for almsgiving is to relieve one who is in need. Strictly speaking, then, almsgiving is an act of mercy. There exist seven corporal almsdeeds: to feed the hungry, to give drink to the thirsty, to clothe the naked, the harbour the homeless, to visit the sick, to ransom the captive, to bury the dead. Likewise, there are seven spiritual almsdeeds: to instruct the ignorant, to counsel the doubtful, to comfort the sorrowful, to reprove the sinner, to forgive injuries, to bear with those who trouble and annoy us, and to pray for all.

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9) Verse 22: "For thou shalt leap coals of fire upon his head, and the Lord shall reward thee".

Which type of alms is to be preferred depends on the circumstances. In general, the spiritual alms are considered to be of higher quality. On the other hand, St Thomas straightforwardly argues, that "a man in hunger is to be fed rather than instructed" (ST, II,II, Question 32, article 3, p. 543).

Corporal almsdeeds may indeed have important spiritual effects. Apart from the direct effect upon the physical and therefore spiritual well-being of the one who is the object of the almsdeeds, the benefactor profits directly through God's grace and because the one who receives will pray for his benefactor. Fraternal correction refers to the correction of a wrongdoer. With it "we drive out our brother's evil, namely sin, the removal of which pertains to charity even more than the removal of an external loss, or of a bodily injury (...)" (ST, II,II, Question 33, article 1, p. 550).

I conclude this section on St. Thomas on charity, and again I would like to stress that these considerations are relevant since Scholastic philosophy constitutes the basic theory behind Catholic social doctrine since Leo XIII. For according to this Pope the philosophy of St. Thomas could provide Catholics with powerful arguments in defence of religious dogma, because the Scholastics in particular "(...) clearly and forcibly demonstrate the firm foundations of the faith, its Divine origin, its certain truth, the arguments that sustain it, the benefits it has conferred on the human race, and its perfect accord with reason, in a manner to satisfy completely minds open to persuasion, however unwilling and repugnant" (*Aeterni Patris* [1879], in Gilson 1954: 48).

The Conceptual Problem: The Connotations of Charity

The Oxford English Dictionary (second edition, vol. III, 1989, 42-43) provides ten usages of the term charity. The first usage refers to the Christian love as God's love to man, as man's love of God and his neighbour, and as the Christian love of our fellow-men. It is clear that this first connotation roughly corresponds with St. Thomas' philosophical elaboration of the concept and the usage within the language of the Roman Catholic Church as elaborated above. The second semantic content of the concept is, one might argue, the secularist version of the first and simply means love, kindness, affection and has in particular the connotation of generosity and of

spontaneous goodness. In the third sense it refers to the morality of a person. It is a disposition to judge leniently, and hopefully of the character, aims, and destinies of others, to make allowance for their apparent faults and shortcomings.

In its fourth usage it expresses benevolence to one's neighbour, in particular to the poor, as a feeling or disposition as well as in action: almsgiving. It applies also to the public provision for the relief of the poor, which has largely taken the place of the almsgiving of individuals. In this fourth connotation a first indication is found of how a Thomist conception of 'charity' may have delayed the modernization of Catholic social doctrine. Is it not the case that if almsgiving is to give way to the public provision of relief, then some institutional arrangement is to coordinate the fund-raising and the subsequent distribution? One difficulty of updating the contents of charity, then, consists in the formidable task of designing and establishing new forms for the organization, regulation, coordination and eventually normalization of alternative ways of fund-raising. I suggest that this issue is looked at as the difficult road from almsgiving to taxation. It problematizes the function of the state as a collector and distributor of funds. The decline of almsgiving as the principal instrument of financing the assistance of the poor ultimately leads to the necessity of questioning the role of the state and the best form of government. It calls for a theory of state intervention and the proper object of social policy.

The fifth usage in the English language simply refers to that which is given in or out of charity, namely alms. The sixth meaning the Dictionary lists may be seen as the complement of the phenomenon I identified in the fourth usage: charity means a bequest, foundation or institution for the benefit of others, in particular the poor or helpless. It is worth quoting the description of the Dictionary of which the half-spoken critique in particular is to be noted: "The term (...) has received a very wide application; in general now including institutions, with all manner of objects, for the help of those who are unable to help themselves, maintained by settled funds or voluntary contributions; the uses and restrictions of the term are however very arbitrary, and vary entirely to fancy or the supposed needs of the moment; chief among the institutions are hospitals, asylums, foundations for educational purposes, and for the periodical distribution of alms". The interesting contrast with the Protestant dictum that God only helps those who help themselves is also worth noting.

The questions underlying the critical inclination in the description seem to me to be of the following kind: Who are the needy? Who has the power to define needs? What is the amount to be given to the poor? Is there a way of discriminating between the deserving and the undeserving poor? I infer from these considerations that part of the problem arising in the transformation of charity has to do with solving the problems of arbitration, accountability and responsibility.

The seventh usage signifies the refreshments dispensed in monastic establishments, whereas the eighth and tenth connotations of 'charity' are of no relevance for the present purposes. The ninth meaning, on the other hand, is particularly important and provides a content analysis of some phrases in which the term charity appears. 'Cold as charity' is taken to refer to the perfunctory, unfeeling manner in which acts of charity are often done, and public charities administered. There is an imperspicuity in this phrase, since superficially looking it seems unclear how the term cold ended up in the same phrase as charity, a term which had originally the connotation, if any, of warm-heartedness and love. I think this element can help to explain the sluggishness of Catholic doctrinal development when I elaborate this paradox here.

The historical critique on charity has always focused on the act of charity as the granting of a favour rather than the fulfillment of a right, and on the act of charity as patronage. Charity had the unpleasant effect of placing the recipient in a humble, submissive and obedient relationship to the benefactor. The recipient is dependent upon the benevolence of the one who has decided to give and in addition has to show gratitude. The decisive point is the lack of a right to charity on the part of the recipient; the recipient is passive. He or she cannot be considered to be a rightful claimant, that is, he or she cannot actively seek the fulfillment of a right to a benefit. In a sense, patronage is the reflection of the Thomist patriarchal and organic idea[10]. The notion of patriarchy seems to be implied in the idea of organicism, because organicism stresses the multiplicity and inequality of the bodily parts. Mutual adjustment, therefore, is not given but becomes problematic. Higher members have the authority and the obligation to provide order and harmony. The model for this was the

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10) The concept of society as an organic whole itself was already formulated by Paul and expressed the idea that a community for worship (the Christian community) is "an organism which includes various stages or functions, an organism in which all the members, united by a strong sense of solidarity, share in the purpose and meaning of the whole" (Troeltsch 1931: 285).

order of the family with a dominant father and the willingly subordinating members of the family subject to his authority. The responsible father sacrificed himself for the care of his family, whereas the members of the family were obedient, hard-working, full of admiration and thankful[11].

It looks as if there exists a tension between the need of the needy (who cannot claim a share of someone else's surplus) and the obligation to give on the part of the rich (who may or may not decide to give to this rather than to that individual). In charity the emphasis is on the duty to give. In abstract terms I identified this earlier as a means to deal with the salvation panic. Through almsgiving a place in heaven could be bought. This one-sided italicization of the obligation to donate is matched by a minimalization of the right to receive. Ultimately charity lacks a concept of rights. From this stems the difficulty of including a conception of rights in the reformulation of Catholic social thought along the lines of charity.

The other interesting phrase in which charity appears states that 'charity begins at home'. This saying expresses the prior claims of the ties of the family, friendships and the neighbourhood to a man's consideration. The fundamental issue in this case is the tension between the private and public provision of assistance, that is, between social care and public welfare. If it is the case that charity begins at home, what then can be defined as the role of the public sector (the state) in providing assistance to the poor? The primacy of politics seems to be excluded if it is assumed that the family or the neighbourhood is the first and foremost responsible provider of care. The question is what happens if such a social unit is unable to take care of its members? What if the family does not neatly behave along the lines of a sexual division of labour? What appears to be the issue here, is the need of redefining the precise configuration of the relationship between the market, the family and the state under the changing conditions of industrial capitalism. It can be expected that the official Roman Catholic ideological concepts coming out of this struggle for modernization typically reflect this abstract tension between the public and the private. This is exactly what one finds if one looks at such concepts as the just wage (tailored to the need of providing an income to a

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11) One could perhaps view charity as opposed to altruism. Altruism lacks the element of moral judgement and the notion of patriarchy (see Janowitz 1976: 22). Altruism as the expression of a religious sentiment has -like charity- the simultaneous effect of relief and self-relief. But unlike charity, altruism does not assume the moral inferiority of the object of the help or the gift.

family) and subsidiarity (the very concept expressing the tension between private and public, or for that matter, between the social and the political).

I conclude the analysis of the concept of charity in its various usages in everyday English by reformulating the hypothesis on charity and the attempt to update Catholic social philosophy. If it is the case -as Thomas Aquinas argues- that charity belongs to the realm of virtues and if it is the case that there exists the obligation to give which is not matched by a right to receive, then the fundamental issue that Catholics have had to address was the following: charity as a vehicle for social solidarity or harmony under industrial capitalist conditions lacked the fundamental concept of rights. Charity contrasts in this sense with justice if the idea is accepted that justice is fundamentally a matter of rights. Consequently, the central difficulty for Catholic social thought must have resulted from the attempt to go from charity to justice. In other words, the modernization of the medieval heritage of Catholic social doctrine can be seen as a shift away from the emphasis on the obligation to give in the direction of incorporating the idea that the poor or the helpless had a right to be assisted. Another, more crude way of making the same point would be to say that the history of social Catholicism could be looked at as a development from alms to benefits.

The Ethical Problem: Charity as an Imbalance of Duties and Rights

In ethical theory the distinction between charity and justice is considered to be essential. In a thought-provoking article, however, Allen Buchanan (1987) has argued that this distinction is of no importance for ethical theory at all. Arguments normally offered in defence of the thesis that the difference between charity and justice is fundamental are either false or unjustified, or they lead to the conclusion that the difference between the two concepts is very hard to draw.

At first sight, this thesis seems to contradict the conceptual considerations. On the other hand, if there exists a strong case for the near identity of charity and justice, this may provide some more clues for a better understanding of the manner in which social Catholicism has tried to transform its specific version of charity into justice.

There are roughly four theses about the difference between charity and justice. These are: "(1) Duties of justice (...) are exclusively negative duties (duties to refrain from certain actions); duties of charity are generally positive duties (duties to render aid). (2) Duties of justice may be enforced; duties of charity may not. (3) Duties of justice are perfect duties; duties of charity are imperfect. (Perfect duties are determinate both with regard to the content of what is required and with regard to the identity of the individual who is the object of the duty; duties of charity are indeterminate in both senses: the kind and amount of aid, as well as the choice of a recipient are left to the discretion of the benefactor). (4) Justice is a matter of rights; charity is not (duties of justice have correlative rights; duties of charity do not), and what is one's right is owed to one, the lack of which gives one justified grounds for complaint that one has been wronged" (Buchanan 1987: 558).

The main argument for rejecting the first thesis is that there is no theory available at present which could adequately and convincingly show the exclusive existence of negative rights. Harm to individuals can also be avoided by abstinence and prevention which suggests that there may in fact exist positive moral rights.

What may be the reason -as the second thesis holds- that duties of charity cannot be enforced? First of all, because the duties of charity do not have correlative rights, and secondly, because duties of charity are imperfect. One cannot determine the recipient nor the amount of aid. The attempt to enforce the duties of charity entails the danger of arbitrariness and misuse. Charity without rights -as I have already argued- causes problems of arbitration, accountability and responsibility. It accords power without responsibility. Is coercion then only justified if duties are matched by rights? Perhaps not. Enforcement is sometimes justified in order to provide for a collective good without necessarily presuming that there exists a right to the collective good. Charity can be considered as such a collective good. Therefore, duties of charity sometimes can be enforced.

This raises the interesting problem of coercion. Why is coercion in the context of charity a problem? One could agree that "without an effective enforcement mechanism, strictly voluntary compliance with duties to aid may founder due to the fact that a system of aid for the needy is a collective good" (Buchanan 1987: 564). The collective action problem of the free-rider immediately pops up. The idea is that the

free-rider problem does not hinder successful collective action "if a sufficient number of people desire to provide for the needy rather than simply desiring that the needy be provided for" (Buchanan 1987: 565). But how come people to desire to provide for the needy? Buchanan's answer is ambiguous and holds that this is an empirical issue as a result of which its solution is variable depending on the psychology of the individuals involved. Where aid or relief are collective goods there is no guaranteed voluntary way out of the dilemma of collective action. Therefore, "if it is so, and if enforcement is justified in any case, then it is not the case that enforcement of a duty to contribute is justified only where there is an antecedent moral right to a share of the good (...)" (Buchanan 1987: 566).

Let me at this point take the Catholic rather than the philosophical view on charity again into consideration. Did Catholics face the same dilemma of collective action? I would say no, that is, initially they did not. Collective goods problems can sometimes be overcome without having to rely on coercion, namely by moral persuasion. In the Christian case we have in fact a powerful alternative to direct coercion as the enforcement mechanism, namely fear for damnation. Charity refers to the duty of the rich to give to the poor a share of their surplus in order to gain salvation. Almsgiving was a means to salvation. Within the religious context charity did not pose a collective action problem, because the enforcement mechanism was not strictly voluntary; in fact, the fear of damnation was to a large extent psychologically compelling. However, under conditions of increasing secularization the mechanism of religious persuasion loses its impact and hence the collective action problem arises and so does the problem of coercion as a solution to this problem. O'Neill (1989: 225), on the other hand, argues that "modern Liberalism may have wiped charity off its ethical map not because it has lost its theological underpinnings but simply because it privileges rights over obligations, and there are no rights to charity". This may be valid in the case of Liberalism, since Liberalism has no theological framework. In the case of Catholicism, however, the conventional account of the marginalization of charity (O'Neill) is still relevant.

But what about the question why people desire to provide for the poor rather than desiring that the poor be provided for. The answer lies in the recognition of the fact that desiring the first is a religious virtue whereas desiring the second is the

secularist version, which -stripped of its religious frame of reference- results in a problem of collective action. Catholics, therefore, have had to deal with the function of coercion versus religious persuasion precisely when the religiously induced obligation to give became problematic in a secularizing society that at the same time posed new and pressing social problems. I therefore cannot for the Christian case agree with the thesis that duties of charity may be enforced since coercion only comes in when duties of charity loose their religious significance and, by implication, become duties of justice. For those duties that are enforced through public authority become duties of justice, that is they have to be matched by correlative rights. Duties enforced by religious authority are duties of charity which lack the correlative rights. In the discussion of the non-rights based arguments for coercion this comes clearly to the surface.

There are two non-rights based arguments for enforcing duties of charity. The first one holds that even if institutions that enforce obligations are established, the duties involved remain duties of charity. The second argues -as I did- that once such arrangements exist the right to assistance is a logical conclusion. As Buchanan holds: "According to both interpretations, we begin by assuming the existence of a duty, but not a right, to aid; in the first we end up with no right to aid but only an enforceable duty of charity, while in the second we end up with a right to" (Buchanan 1987: 571).

From these considerations a third thesis on the difference between charity and justice can be formulated by arguing that if the first non-rights based argumentation were true, it follows that the thesis on duties of charity being imperfect is false. The first argumentation shows that institutional arrangements are able to eliminate indeterminacy as to recipient and amount. On the other hand, the second view does not contradict the thesis that duties of charity are imperfect. Duties of charity, being imperfect, become institutionalized and therefore duties of justice, being perfect. Buchanan does not particularly like this conclusion, because "even though the second way of construing the non-rights based arguments for enforced duties to aid is consistent with the thesis that duties of justice are perfect and those of charity are imperfect, there is a sense in which it also trivializes that thesis. For what those arguments show, on the second interpretation, is that the distinction between perfect and imperfect duties is in no way a fundamental distinction in ethical theory, but,

rather, a shifting one which changes as our institutions change or as we move from one type of society to another" (Buchanan 1987: 570/571).

One may agree that this distinction is of no fundamental importance for ethical theory. Viewed from the perspective of social theory, however, I think the distinction reflects at the conceptual level a very real social historical genesis which may be summarized as the development form charity to a new concept of justice. The clues for this shift can be found precisely when we move from one society to another, in this case from a predominantly feudal and agrarian to a predominantly industrial capitalist and democratic society.

Two conclusions can be formulated if the idea that imperfect duties of charity can become perfect duties of justice through institutionalization is accepted. First, some moral rights may depend on the availability of institutional arrangements. Second, the justification of these rights require "contingent premises about the existence of certain social arrangements. Thus if there are such rights, no plausible ethical theory can be exclusively rights-based" (Buchanan 1987: 571). From the point of view of social theory the distinction between justice and charity is valuable because it reveals an important social phenomenon, namely that some rights may emerge as a more or less unintended by-product of the institutionalization of the duties of charity. It is obvious that for the present purposes this is an consequential conclusion. For if institutionally arranging the duties of charity may lead to the emergence of rights of justice it becomes of fundamental importance to understand which institutional arrangements give rise to which rights, and, for that matter, to what kind of claimants. It may even be the case that out of different conceptions about which duties are to be institutionalized, different types of institutions arise which, in turn, create different types of rights and ultimately lead to different conceptions of justice. The question then becomes whether Catholics have developed their own conception of rights and justice which systematically differs from the conceptions developed by Liberals and Socialists?

The objection to the fourth proposal to distinguish between charity and justice on the basis of the thesis that only duties of justice have correlative rights consists mainly of pointing to the complexity of the argument to be made in order to support this claim and that charity therefore becomes a derivative and purely theoretical affair (Buchanan 1987: 573). I am uncertain as to whether the fact that something is a

derivative, theoretical statement can be taken to imply that it is impossible to defend such a statement. To cut this discussion short, however, it may suffice to point to the fact that thesis four is in fact a reformulation of thesis two in defence of the supposed fundamental difference between charity and justice in ethical theory.

Concluding Remarks

Charity, as argued, is religious rather than social policy. Its aim was not the relief of poverty nor the improvement of a social order which caused suffering. Instead, charity, although it was originally meant to show the spirit of love, increasingly derived its prominence from its function as provider of salvation. The theory behind charity and almsgiving concerned primarily the idea that the wealthy must buy their place in heaven with alms taken from their worldly surplus. But precisely because it is religious rather than social policy the concept was rendered problematic outside the religious context. Charity's unbalanced reliance on the Christian inspired obligation to give ultimately ends in futility under conditions of a secularizing, industrial capitalist world. The religio-psychological mechanism of almsgiving is powerless when not fueled by insecurity as to one's eternal fate. The lack of a conception of rights, corresponding to the duties of charity, resulted in a period of transition in which a new Catholic conception of social justice was worked out. Specifically, it was necessary to consider other mechanisms which could assure funds to be raised to assist the poor. Where the fear of damnation ceases to be psychologically compelling, and hence 'voluntary' solutions fail to be an alternative, compulsion arises as a solution for what is basically a problem of collective action. However, coercion poses several problems, of which the most important are: the problem of the (best) institution for enforcing the obligation to give, the proper objects of 'taxation' and relief, and the difficulty of legitimizing coercion of obligations which are not matched by correlative rights.

The guiding hypothesis for the next chapter is that the main problems of formulating a Catholic theory of social policy concerned the role of the state and the incorporation of a notion of rights. Catholicism eventually succeeded in solving these problems by according a prominent, yet peculiar role to the state in the relief of poverty and by formulating a conception of social justice which significantly departs

from the conception of charity, but is still different from the Social Democratic idea of justice. The theme of the next chapter is that in the course of modernization social capitalism and Christian Democracy originate.

CHAPTER 4

ON THE ORIGINS OF CHRISTIAN DEMOCRACY AND SOCIAL CAPITALISM

This chapter searches for the origins of Christian Democracy and social capitalism. It mainly offers a reconstruction of the doctrine of social capitalism as Christian Democracy's political ideology. It is not in any sense an attempt to provide an analysis of Christian inspired social movements in the nineteenth and early twentieth century, nor of the social and political conditions under which these movements emerged. I concentrate on doctrinal developments as a procedure for arriving at a constructed type of social capitalism in the form of five main propositions, which is presented in the subsequent chapter.

Justifications and an Overview

Christian Democracy was defined as a political movement that -by appealing to religious affiliations- seeks to establish cross-class compromises via the policy-mix of social capitalism. If it is correct to view social capitalism as the core of Christian Democracy, then it is justified to speak of Christian Democracy rather than Christian Democracies and to treat cross-national variation as precisely that: variation around a common essence.

What accords unity to Christian Democracy is basic agreement over social policy[1]. Like the nature of Social Democracy is determined by the movement's strategic choices -both in terms of ideology and policies pursued- (Esping-Andersen 1985a; Przeworski 1985), social capitalism must be seen as the result of the critical decisions of Christian inspired social forces as to parliamentarism, cross-class politics and the gradual reform of capitalism.

The centrality of social policy in delineating what is meant by Christian Democracy has an interesting, yet paradoxical background, concerning the manner in which official Catholicism has dealt with modernity and with Liberalism in particular.

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1) "In the principles and practices of social policy, there is far-reaching unity in purpose to be discerned among Christian Democrats. This can be seen in the socio-political legislation of the Western European countries which for the most part can be traced back to the Christian Democratic parties. There can be no question of the importance of the Christian Democratic contributions to the security of the masses, the satisfaction of the socio-political demands of the class struggle, and the movement towards the social state" (Maier 1969: 12). Such a view probably overestimates the central role of Christian Democracy. The extent to which Christian Democracy has been a crucial actor in the shaping of a welfare state regime is a matter of empirical investigation. Nevertheless, the reference to social policy or social reform in a definition of Christian Democracy is not unreasonable.

The Holy See has started its struggle with Liberalism by increasingly emphasizing morality and the moral dimension of other spheres (e.g. the capitalist economy) as a consequence of the loss of temporal power (Burns 1990: 1135), the very reason for social action on the part of social Catholics throughout Europe. The Papacy attempted to define an exclusive area of power and ideology. For these reasons there exists the tendency to avoid questions of direct policy, "arguing instead that the church's role is to teach a moral outlook that transcends historical particulars" (Burns 1990: 1135). The paradox is that an essential condition for the emergence of Christian Democracy concerned the church's loss of temporal power. The constant factor of Christian Democracy which provides unity to the movement emerges when Leo XIII began "a slow, halting withdrawal of the church's temporal claims" (Burns 1990: 1134) and at the same time started to codify and formulate what was in fact a new branch of doctrine, social doctrine. In other words, both Christian Democracy and social doctrine are an effect of this specific type of 'secularization'. It is only when the church is forced out of secular power that Christian Democracy becomes conceivable.

It is the basic unity around a more or less consistent social doctrine which allows me, by implication, to analyze the origins of Christian Democracy and of social capitalism at the same time. According to the present analysis the theory of social capitalism constitutes the nucleus of Christian Democracy as a political movement. I have come to view the origins of Christian Democracy and social capitalism as basically two sides of the same coin.

Another consideration or justification should be added. The emphasis in this chapter is mainly on Catholicism and Catholic social thought. The justification for this is rather simple and straightforward: Protestant influence on the genesis of Christian Democracy and the development of social capitalism has been small. In the preceding chapter I have already argued that -unlike ascetic Protestantism- Catholicism has refused to accept capitalism unconditionally. Catholic social theory has always been strongly infused with anti-capitalist ingredients. Some historically oriented studies have suggested that one can safely speak of the "(...) minimal contribution of European Protestantism to the formation of Christian Democracy (...). It is (...) no exaggeration to say that before 1945 the idea and the movement of Christian Democracy in Continental Europe were limited to regions of Catholic prevalence" (Maier 1969: 5/6).

The German Protestants, for instance, were much more preoccupied by the 'Kulturkampf' (struggle over culture or civilization) than with the misery of the masses at the same time that German Catholics, although the main object of this 'Kampf', were already proposing social policy measures. Although Bismarck's social laws may have followed flawlessly from the ideal of the Christian state founded on the identification of the Prussian state with (Lutheran) Protestantism, in Germany, too, Protestants hardly developed a workable social idea and their social movements remained relatively weak (Kaufmann 1988: 80).

Within Protestant circles "social reform failed to become a serious ecclesiastical issue either for orthodox, church-going Protestants or for those of more liberal persuasion" and the uncertainty "about the delicate balance between civil and ecclesiastical power effectively postponed the German Protestant effort to reach an understanding of modern social issues" (Shanahan 1954: 416). It is the continuing emphasis on charity and the inability to reformulate charity in terms of duties and rights, which marks a fundamental difference with Catholicism. The latter, in turn, has struggled with its redefinition of charity from the 1860s onwards, while official Catholic social teaching failed to transcend its medieval legacy.

Modern Christian Democracy springs from two main sources: political Catholicism, which addresses the changing role and status of the church after the French Revolution in nineteenth-century Europe, and social Catholicism, which confronts the rise of industrial capitalism and the integration of the proletariat as Christian citizens into modern industrial society. Social Catholicism was politically indifferent in the sense that it did not address the constitutional state, but rather a changing society. And because social Catholicism explored the possibilities of societal power, it initially denied (democratic) politics. The transformation of charity into a consistent theory of social capitalism was mainly part of a political strategy to 'conserve' workers as religious workers, thus diluting the social and political meaning of class and introducing religion as a basis for the articulation of political identity.

The social Catholic attention for the situation of the working class sometimes leads to a confusion of social Catholicism with Christian Socialism. For reasons of substantive and conceptual clarity the term 'Christian Socialism' should be reserved to

denote those approaches within Catholicism which attempt to formulate some sort of compromise between Socialism (or Marxism) and the Christian faith, as for instance 'Liberation Theology' (Gutierrez 1971; see Berryman 1987; Levine 1988; Nitsch 1986). Christian Socialism cannot be taken to refer to all Catholics who increasingly came to adhere social policy as a means to 'elevate' the working class[2].

To accentuate the crucial difference between social Catholicism and Christian Socialism one could point to the fact that an important element of social Catholicism has always been its anti-Socialism. Murchland (1982) fails to recognize this when he argues that Wilhelm von Ketteler was the major figure among the Christian Socialists in Germany. He based his view mainly upon the fact that the bishop rejected Liberalism (Murchland 1982: 55f), overlooking the equally important fact, that Ketteler saw Socialism as the heir of Liberalism and rejected both[3]. Surely, Ketteler was a social thinker, but he was certainly not a Socialist. Social Catholicism, then, denotes those attempts of Catholics to define and pursue policies that aim at the improvement of the position of the working class or the poor, while in principle accepting the capitalist mode of production.

Christian Democracy is the result of a historical coincidence of Liberal political Catholicism and social Catholicism (see also Maier 1969: 22). The theory of social capitalism functioned as the cement of this historical construction and can be considered to be the result of a successful attempt to redefine charity as social justice. Consequently, it is essential to analyze the conditions and contents of this historical

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2) Murchland, for instance, quite accurately summarizes the essence of early social Catholicism, but typically confuses it with Christian Socialism, when he writes: "Whatever its roots in the past, Christian Socialism was an essentially modern movement. It was a response to problems that issued from the rise of capitalism and the Industrial Revolution. The primary aim of the Christian Socialists was always religious rather than political, more moral than economic. They strove to uphold Christian traditions in the new economic order and to defend the faith against atheism and secularization that often accompanied that order. They saw the abandonment of the Christian faith as the cause of the sufferings of the poor and of social upheavals. The centre focus of Christian Socialists was the plight of the workers under capitalism. Perhaps their greatest strength was to take a prophetic stand against very real abuses and bear Christian witness on behalf of those who were most victimized. The Christian Socialists (...) succeeded in uncovering long-neglected aspects of Christian social ideals and principles. Moreover, they made strenuous efforts to carry their message to the people" (Murchland 1982: 64). Below I will show that what actually happened in the historical development of social Catholicism is that it gradually became more socio-political than religious in its primary aims.

3) "(...) Socialism which in itself is one of the most frightful aberrations of the human mind, is perfectly justified if the principles of Liberalism are true. It is only because Liberalism is false that Socialism cannot be justified" (Ketteler as cited in Hogan 1946: 182).

coincidence, concentrating on the manner in which Catholics have come to terms with democracy and clarifying the manner in which a social critique of capitalism was successfully defined and refined, leaving room for social policy and state intervention.

The Acceptance of Democracy and the Integration of the Working Class

It should be self-evident that the unconditional acceptance of democracy as the chief mechanism to organize, mediate and moderate societal and political conflict is the unquestionable and decisive prerequisite for any political movement claiming the adjective 'democratic' in any legitimate manner. The acceptance of democratic principles by the Catholic church has been a long and laborious struggle with considerable variance across different regions and states in Europe and elsewhere (Moody 1953b: 10; Martin 1978).

There are roughly four views on the relationship between the Catholic tradition and democracy (see Sigmund 1987). The first, uncritical view holds that Catholicism is basically indifferent as to the form of government, the only condition being that it promote the common good. The second, more critical analysis argues that the church has always bolstered the regime which protected the church's interests. The third argument states that a church that itself is authoritarian is hardly able to favour non-authoritarian forms of government. Those rather sympathetic with the Catholic cause nowadays typically argue that indifference as to the technique of government has led to the acceptance of democracy (Sigmund 1987: 547).

The Liberal, laic and individualistic spirit of the French Revolution was the original foe of the church in the modern era (Irving 1979). The Popes stood for order, that is they stood for the order of the Old Regime. This "link with order, and stance against 'Liberalism', was the curse which the Revolution bequeathed to the Popes" (Chadwick 1981: 610). Democracy and the arrogation of possessing the absolute truth do not go together very well. "The Holy See's experience of freedom of the press was unhappy. Freedom to publish was freedom to publish error or immorality. They (the Popes) stood wholly upon the side of the numerous governments which wished to control presses and censor books in the interest of truth and morality (...)" (Chadwick 1981: 610). Liberal freedom was therefore at first unacceptable for the Papacy.

In *Immortali Dei* (1885) Leo XIII did not exclude democracy as a possible form of government, which may be read, as Moody (1953c: 69) suggests, as paving the way for the acceptance of democracy. One has to be a very sympathetic reader of the encyclical to accept this, for not more is said than "no one of the several forms of government is in itself condemned, inasmuch as none of them contains anything contrary to Catholic doctrine, and all of them are capable, if wisely and justly managed, to insure the welfare of the State" (*Immortali Dei*, in Gilson 1954: 177) It was not until 1944 that a more positive acceptance of democracy was proclaimed[4]. The gradual permission was a corollary of the growth of the presence of the state. The central tenets of Natural Law, on the basis of which a certain endurance in time accords legitimacy to institutions, facilitated the acceptance of democracy. The general background was given by the experience of war and Fascism in Europe and was deepened by the geo-political dimension of allying the church to the west and the 'free world' (Dorr 1983: 78), rather than to the atheist Communist regimes.

Although corporatism is rightly viewed as an intrinsic component of the Catholic tradition, its importance for the post-war development of Christian Democracy must not be overstated. In fact, I would argue that deliberately subduing the importance of corporatism (under Pius XII) was a precondition for the acceptance of democracy and for Christian Democracy as a democratic political movement. Historically, the Church's plea for a reconstruction of capitalist society in corporatist fashion (other than the earlier Romantic and conservative vision) came at a time that practical experiments were taking place very near the Holy See, namely in Italy under Fascist Rule. In fact, *Quadragesimo Anno* (1931, sections 91-94) gives a fairly detailed description of the Italian system in practice. The encyclical is articulate in why the experiment is to be judged positively. It facilitates the harmonious cooperation between the classes, suppresses Socialism and accords regulating power to corporatist institutions. The listed advantages of the system, however, are immediately followed by its likely drawback:

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4) In his Christmas Message of 1944 Pius XII stated: "So far-reaching and decisive has the activity of the state become in modern times that a democratic form of government is considered by many today to be a natural postulate of reason itself. Therefore, the demand for 'more and better democracy' can only mean the demand that the citizen shall be increasingly in a position to hold his own personal opinion, express it, and to give effect to it in a manner consistent with the common good" (cited in Moody 1953c: 70; see also Maier 1969: 24).

the risk of omnipresence of the state, the stifling of private initiative and the gradual development of a politicized bureaucracy, which would benefit particularist political interest rather than the Public Good. Moreover, the successor of the 'corporatist' Pope, Pius XII, hardly paid any attention to this aspect of *Quadragesimo Anno*. In fact, already in 1949 the official view was changed and corporatism was defined as an 'opportunity missed' (Dorr 1983: 81). In the post-war period it had become an anachronism and even politically dangerous to be associated with the idea of a corporate society. Therefore, the official sanction of corporatism died as soon as its implemented versions in Italy, Austria and Germany had proved to be so disastrous. "In large measure, its cause was guilt by association" (Williamson 1984: 23). Remnants or echoes, however, remained operative, although under different terms. Subsidiarity took over as a central concept.

Equally important, yet almost never appreciated as such, for Christian Democracy to come into being, is the rapprochement of church and workers. The criterion of democracy is rather obvious and straightforward. However, whether (and to what extent) the working class is integrated into and organized within the Christian Democratic movement determines not only its nature, but the very existence of Christian Democracy. Without the working class -or perhaps formulated more accurately- without substantial working class support, there exists no Christian Democracy. It was Pius XI (1922-1939) who precisely understood the importance of this point when he argued that "the greatest scandal of the nineteenth century was the fact that the church lost the working class" (cited in Camp 1969: 77). It may very well have been Christian Democracy's greatest triumph that it managed to attach again parts of the working class, if not to the church, then at least to a political movement based upon Christian principles.

Summarizing the argument, I hold that one can begin to speak of Christian Democracy when the criteria of democracy and (the attempt of) class reconciliation and integration are met. Christian Democracy comes into being where Liberal political and social Catholicism meet. The accommodation to capitalism and democracy has not been an easy road because there has been a long and uneasy controversy between Liberal political Catholicism which came to adhere political democracy, and social Catholicism

which had difficulties embracing democratic principles because of its ideology of the organic society and its corporatist rather than democratic stance.

Source 1: The Traditionalist Paradox

Christian democracy's very first source is the French Revolution. The effects of this Revolution upon the status and position of the church -or Christendom in general- in modern society were tremendous. "The entire church had been profoundly shaken by the traumatic experience of the Revolution in which, for the first time in modern history, one of the greatest states in Europe had attempted to wipe out the influence of Christianity" (Camp 1969: 5).

The ultramontane and anti-individualistic counter-revolutionaries developed their own systematic social, political and historical critique of the Revolution. This critique is known as Traditionalism. The core of the theory of Traditionalism consists of the thesis that Divine truth is revealed in history. Institutions prove themselves as being willed by God because of their capacity to endure. To replace institutions with this capacity by revolution is to deny the will of God. Time is an important element in the evaluation of human institutions and both the Revolution and the Enlightenment were the targets of the Traditionalist attacks because they denied Divine truth in tradition.

The growing trend towards the type of political conservatism characteristic for Traditionalism after 1815 was facilitated first of all by the fact that both the monarchy and the church had been the main victims of the Revolution (Moody 1953d: 119f). Monarchists thus became the natural allies of the Catholics. Moreover, those were no secure times for the clergy. Clerics argued that only the strong state of the regime would be able to protect them from further persecution. The Bourbons, in turn, deliberately used religion in their attempts to strengthen their position, whereas many of the aristocrats became (again) Catholics, because they felt that the church would be supporting their cause. Traditionalism shares with Romanticism a longing for the past.

The political program of Traditionalism was defined as the 'contrary to revolution' (De Maistre). Traditionalism mixed to a large extent ecclesiastical elements with political stances. Religion and the model of the church provided the basis for a reconstitution of a Christian society ruined by revolution (Maier 1969: 146). In

Lamennais' famous words: Réconstituer la société politique á l'aide de la société religieuse. The Revolution itself, however, could be reinterpreted as a satanic and messianic event at the same time. Revolt was seen as a human passion dictated by the devil. The Revolution was therefore satanic[5]. However, since the Revolution was also the judgement of providence, it was also Divine and one could therefore have faith in it. Moreover, the confiscation of the properties of the church, the abolition of privileges and the imposition of the oath to the Civil Constitution on the Clergy in 1790 provided the foundation for the renewal and regeneration of the church. The Traditionalists readily admitted that the clergy had been in need of reform and the Revolution had at least a purifying effect on the perverted part of the clergy and was therefore welcomed. Viewed in this way it might have been that "political revolution is only a secondary object of the great plan which is developing before our eyes with such terrible majesty" (De Maistre 1971: 59), but which perhaps could not be entirely understood by mortals.

The next object of Traditionalist criticism was the type of fanatical individualism, which had been linked with a total belief in reason and the correlate denial of Divine plan (Lively 1971: 5). Traditionalism developed its own concept of reason which was not individualistic, but a reason of the group. Reason is good for nothing and outside the realm of needs, knowledge becomes useless or doubtful. "Wherever the individual reason dominates, there can be nothing great, for everything great rests on a belief (...)" (De Maistre 1971: 110). According to Traditionalist theory "the common reason, like the common sense, was lodged in a superindividual being, manifested in tradition and expressed in language. The superindividual being was the Roman Catholic church, the authority of which was binding not only on its avowed members but on all men. The church alone had remained steadfast and unshaken in its dogma's" (Boas 1967: 154). There is only one truth and this truth is eternal. And because it is eternal,

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5) "There is a satanic element in the French Revolution which distinguishes it from any other revolution known (...). Remember the great occasions -Robespierre's speech against the priesthood, the solemn apostasy of the priests, the desecration of objects of worship, the inauguration of the goddess of Reason, and the many outrageous acts by which the provinces tried to surpass Paris: these all leave the ordinary sphere of crimes and seem to belong to a different world (...). the neglect of, let alone scorn for, the great Being brings an irrevocable curse on the human works stained by it" (De Maistre, 1971: 71, originally 1851/52).

it must be true. And because it is embodied in the church, the church is a Divine institution.

Papal infallibility was even defended before it became official Vatican doctrine. Furthermore, the power of the Papacy was considered sovereign over any temporal power (Maier 1969: 155). This ultramontanism was therefore not only a theological construction but -more importantly- also a political one. It was not a matter of solely restoring the position and the status of the Pope; it equally referred to the demarcation of absolute power. The spiritual power of the church, headed by the infallible Pope, was interpreted as a counterweight to the political pervasiveness of the revolutionary state.

Paradoxically, the logical completion of the Traditionalist argument (carried out by Lamennais) implied an approbation of a peculiar democratic point of view. It is this odd effect of extreme Traditionalism which led to its eventual condemnation by the church and marks the birth of Liberal Political Catholicism[6]. Two elements can be distinguished which led to the espousal of a bizarre democratic point of view. First of all, the premise was that the Pope is the ruler of the church and the church is superior to the state. Therefore, the church is greater than the state. And if the state blocks the obedience to tradition revolt is not only legitimate but a duty. To be able to rise up against the state's violation of the church's eternal truth, however, freedom of speech, of the press and of education became mandatory (Boas 1967: 155; Buchheim 1963: 46). The second element pertains to the Revolution interpreted as a Divine judgement. For if the Revolution were indeed such a Divine judgement one had to admit that the political forms that emerged from it, notably democracy, deserved a theological justification, too. Furthermore, the typical Traditionalist argument that "every good government is good when it has been established and has existed for a long time without being disputed" (De Maistre 1971: 142) could in a certain sense and in the long run be transformed into an argument in defence of some of the results of the Revolution.

The struggle over Traditionalism was a struggle over the re-orientation of the church. It created the need for a theological justification of a new position of the

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6) Gregory XVI in his encyclical letter *Mirari Vos* (1832) enjoined silence on Lamennais. In the encyclical *Singulari Nos* (1834) Lamennais was explicitly condemned (see Woodward 1963: 248-276).

church in modern, that is post-revolutionary, society. And this society was somewhere halfway between Christian and secular. Hence, the attempt to reconcile church and Revolution and even to promote an alliance between church and democracy. The Liberal political Catholicism, which was produced in the wake of this transition, was of a specific kind. It did not aim at political freedom as such, but on *religious* freedom. The Catholic church had to be free from the state. For this reason French Catholicism in its Traditionalist version eventually opted for a strengthening of the Church and a break with the Bourbons (Moody 1953d: 122). To free the church from the state, all bonds between the two had to be relaxed if not entirely broken. Most importantly, the concordat with Napoleon had to be abolished. It was in the strive for a complete separation of church and state that "Liberal Catholicism for the first time announces the claims of the church community in defiance of the state: demands for freedom of conscience, freedom of teaching, freedom of the press, and freedom of association" (Maier 1969: 193).

The Traditionalists, centred around the periodical of French Liberal Catholicism *Avenir*, gradually came to adopt a more progressive Liberalism, where the rights of the people were considered human rights and where the democratic principle of self-determination was fully accepted (Spencer 1973: 44). Criticism and attempts to silence the journal came from within France as well as from abroad[7]. Liberal Catholicism's stance in political matters was, no doubt, a thorn in the side of the conservative governments in Europe[8]. The Liberal Catholics, however, were so confident as to the rightness of their crusade that they decided to submit their views to the Pope for an evaluation. This may have been a courageous decision, but it was also a risky one, because "the Holy See is perennially reluctant to judge any doctrine unless it must, and still more reluctant to give official approval to a minority that is out of favour both with its Government and its episcopate" (Spencer 1973: 46). And indeed, the reaction of the Pope was negative. The Pope referred to Lamennais as "cet homme dangereux

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7) "From Austria, Prussia, and Russia -three of the powers who had asked for reforms in the papal government- came demands that Lamennais should be severely reprimanded" (Woodward 1963: 265).

8) Metternich intervened in Rome through his ambassador arguing that Liberal Catholicism "defends the most subversive theories of the social order (...)" (as cited in Maier 1969: 195). This intervention of Metternich seems to have contributed considerably to the later condemnation of *Avenir*.

(qui) méritait bien d'être traduit devant le Tribunal du Saint Office" (as cited in Woodward 1963: 265). In the encyclical *Mirari Vos* (1832) Liberalism was condemned. It "declared to all patriarchs, archbishops and bishops that it was wicked to seek alliance with Liberal revolutionaries, wicked to defend liberty of conscience or to claim freedom of the press and of opinion" (Spencer 1973: 47)[9].

In sum, the Traditionalist argument finally resulted in an espousal of democracy, but was followed by the condemnation of the Holy See. Liberal political Catholicism, then, marked the point where Catholic Traditionalism "becomes revolutionary, democracy having proved its durability (...). As democracy became more stable, the Traditionalist argument that time (the capacity to endure) is the measure of all historic events had to turn against its originators, forcing *de facto* recognition of the Revolution, to avoid which had been the very aim of Traditionalism" (Maier 1969: 198). That is the Traditionalist paradox.

Source 2: The Romantic Critique of Capitalism

Romanticism started off as a literary reaction against the rationalist, eighteenth-century, neo-classicist aesthetics. Although perhaps prepared and anticipated by the works of Jean Jacques Rousseau (1712-1778), Romanticism's centre of gravity became Germany. The term 'Romanticism' was launched by Friedrich Schlegel (1772-1823) and was at first and foremost an aesthetic critique of modernity (see Jones 1974).

On a more general level it was Romanticism's anti-modernity which made it politically relevant, too. As a political critique it attacked the Enlightenment on its central assumptions and beliefs, in particular the ideas of rational solutions for human problems and the unshakable trust in progress. Yet, Romanticism cannot simply be equated with a reactionary stance in political matters. It had many varieties, although anti-modernity certainly was Romanticism's basic strain: "In all cases the organization of life by the application of rational or scientific methods, any form of regimentation

9) As a reaction to Lamennais' 'Paroles d'un croyant' (1834) Gregory XVI is reported to have said that the book was "false, calumnious, rash, leading to anarchy, contrary to the word of God, impious, scandalous, and erroneous" (as quoted in Jones 1974: 433; Woodward 1963: 273 quotes the Latin version of this string of insults).

or conscription of men for utilitarian and or organized happiness, was regarded as the philistine enemy" (Berlin 1979: 20).

The Conservative Romantic critique of the emerging industrial society was the starting point for social Catholicism. Like its aesthetic ancestor, political conservatism found its foremost Romantic expression in Germany. Although the main period of conservative Romanticism in Germany was somewhere between 1820 and 1848, its influence on the ideas and practice of social policy reaches well into the nineteenth century (Alexander 1953; Görner 1986). Conservative Romanticism can be defined as the movement which strove for the restoration of the social order of the middle ages as an answer to the uncertainty, instability and vulnerability of modern times. The Romantic social critique was the first doctrine to more or less systematically pay attention to the problems related to the societal and economic change of the nineteenth century. Its object was the impoverished, although not yet quite proletarian, masses.

It wished to replace the contemporary 'atomized society' by 'ständische Gliederung', that is by a society classified, arranged and divided by 'estate' in order to restore the supposed unity of feudal society (Bowen 1971; Görner 1986). This basic conviction resulted in an attempt to force upon the newly establishing industrial and social reality the order of bygone times (see Stegmann 1969: 336). In the Romantic's eye the new spirit of rationalist individualism, the erosion of traditional bonds and the predominance of the pursuit of self-interest constituted the root cause of what gradually became known under the name 'social question' or the 'workers question' (A-rbeiterfrage)[10].

The contents of political Romanticism varied considerably. There existed no such thing as a coherent set of ideas constituting a doctrine, because the single great mistake of the Romantics was that they reduced politics to aesthetics: "Every political activity (...) conflicts with the essentially aesthetic nature of the Romantic" (Schmitt 1986: 158). The core of the political Romanticist ideology remained a contradiction: "the Romantic, in the organic passivity that belongs to his occasionalist structure, wants to be productive without becoming active" (Schmitt 1986: 159).

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10) Two personalities stand out in the German Romantic, conservative tradition: Adam Heinrich Müller (1779-1829) and Franz von Baader (1765-1841). These two political and social thinkers strongly influenced later conservatives like Karl frhr. von Vogelsang (1818-1890) and his pupil Franz Hitze (1851-1921).

Nevertheless, some binding elements can be distinguished. The Romantics were in favour of an organic order of society, in which the estates would be orderly arranged and in which these would function as equally vital parts of a body, that is as if they were part of a larger whole, a living organism, to which survival they would all contribute. In such an ideal organic society, the corporation and the 'Gemeinschaft' would alter the fate of the individual who was threatened in his very existence by free competition. Social problems would find a social, or rather communal, solution, without risking the power of the state to become omnipresent.

Romanticism -however contradictory this may sound- tended to be a mixture of reactionary and revolutionary ingredients. Any feasible and viable solution to the social question could only be achieved by transforming or revolutionizing the basic structures of society (Weiss 1977: 42). This central idea of radically transforming the foundations of modern society as a means to establish the idealized social and political bonds patterned upon the medieval example was upheld throughout the nineteenth century. Reactionary radicalism, however, alienated itself eventually from the more Liberal and progressive, if not 'enlightened', social Catholics of the second half of the nineteenth century with its most prominent representative, the later bishop of Mainz, Wilhelm Emmanuel von Ketteler (1811-1877).

Before the 1860s, however, mainstream social thinking within Catholic circles in Germany was deeply conservative. These conservatives (and even Ketteler was initially amongst them) opposed all types of experiments with social policy to moderate the excesses of developing capitalism. The hard-core conservatives -unlike Ketteler and his followers who had objections of a more religious character- had rather peculiar reasons for opposing social policy within the boundaries of capitalism. Since the goal was the replacement of the economic and social order of Liberal capitalism by an organic society, social policy organized and implemented by the state within the limits of Liberal society could not but strengthen this objectionable order. The conservatives argued that social policy simply obstructed the smooth transition to an organic society (see Stegmann 1969: 387f).

The reactionary critique of capitalism loathed the evolving class struggle. Capitalism was feared to degenerate into a society in which two classes would bitterly

fight each other[11]. The conservative reaction to capitalism was attacking it as a revolting social system. Capitalism, moreover, had brought about the equally appalling and objectionable idea of Socialism. As an alternative, the reorganization of the estates would produce the capacity to transcend the chaos of capitalism and would provide a viable barrier to the luring Socialism. Conservatives wanted "(...) 'Socialist' bonds of societal forces, as opposed to the social decomposition of 'Liberalism'" and opted for "society to be constituted upon estates, as opposed to the amorphous Socialist popular state", while freedom and equality for the estates was preferred to "the wage slavery of Liberal capitalism" (Hitze, cited in Stegmann 1969: 388, my translation). The political ideal still prevalent among Conservatives in the 1880s in Germany was to return to the moral foundation of the early Christian era. At that time, however, mainstream Catholic thinking and practice was already based on a more progressive analysis of the 'social question' as a religious and moral problem and on a better understanding of capitalism.

Source 3: Social Catholicism

Well into the second half of the nineteenth century German Catholics analyzed the social effects of modernization and industrialization as a problem of religion and morality. The disastrous social relationships were seen as an effect of a society that had given up its Christian values and had let 'egotism' rule (see Görner 1986: 159). The 'social question' was seen as a religious question. Since moral decadence and the de-Christianization of the masses were the cause of the social misery it was the task of the church to provide the solution through charity and pastoral care. This solution should consist in the renewal and deepening of the religious spirit. Charity should only come in to relieve the pain temporary; social policy could never be a solution, since the root of the problem lay in the absence of the right religious spirit and conviction[12].

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11) Vogelsang recognized "exploiting employers, who strangle each other economically as a result of the raging international competition, and exploited workers, at whose material and moral expense this competition is being fought out" (cited in Stegmann 1969: 387, my translation).

12) "Ketteler's total lack of interest in the law as an instrument to overcome social evils such as the poverty he recognized among the workers suggests the influence of the French school under Lamennais "(Hogan 1946: 70).

Typical for the account of the social question in religious and moral terms were the so-called journeymen's societies ('Gesellenvereine')[13], which were viewed as a kind of family in which the wandering and socially detached journeymen could feel at home, be morally uplifted, and enjoy some education. Originally, these organizations were so strongly tailored at moral and religious tasks, that they discouraged attention for strictly economic matters (Bowen 1971: 87). In spite of their patriarchical or paternalist constitution[14], the journeymen's societies became successful (70,000 members in 1879; Görner 1986: 162).

The social question was mainly analyzed with the help of a religious and moral vocabulary: it was the result of apostasy and moral decadence. The proposed solution naturally reflected this perception. Only a return to Christianity would lead to improvement. The various alternative and competing solutions offered by politicians and economists were evaluated as of little value for curing social evil. In fact, the more impotent these 'worldly' solutions proved themselves, the more powerful the doctrine of Christianity appeared. Social misery did not stem from outer needs, but from the inner spirit. Things would be easy to solve if only the religious persuasion were different. Two enormous aberrations of the spirit caused the illness of social relationships: insatiable hedonism and greed, and the narcissism which smashed up the love of one's neighbour. These illnesses had infected the rich and the poor alike. Confronted with such inner decay social policy would simply prove powerless. Christianity, on the other hand, was precisely aiming at the root of the problem: the spiritual betterment of man (Stegmann 1969: 344)[15].

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13) The name of Adolf Kolping (1813-1865), the father of the journeymen, in particular, is associated with these societies.

14) The societies were headed by a priest, who was assisted by a council of honour ('Ehrenrat') consisting of prominent citizens ('achtbare Bürger').

15) In spite of the basically religious and moral critique, the economic criticism of capitalism was not completely absent. As early as 1849 Ketteler, for instance, rejected the right of absolute ownership. In the footsteps of Aquinas, he argued that God was the only true owner of all things in the world. Man was just God's caretaker on earth and therefore only entitled to the usufruct of God's possessions. In this sense one should understand the following statement of Ketteler: "(...) the notorious statement property is theft! is not just a lie; in addition to being a lie it embraces a dreadful truth" (cited in Stegmann 1969: 382, my translation).

The endurance of this religio-moral conceptual framework in Germany can perhaps be explained by the following reasons. First of all, up until the 1860s the industrial revolution in Germany was only taking place at a rather slow pace. The social question was hardly a problem of the proletarianized industrial workers. It was rather a rural problem. Secondly, when the industrial revolution accelerated, German Catholics found themselves in the middle of the Kulturkampf. The Kulturkampf seriously weakened the position of the Catholic church within German society. The defensive position in which many Catholic politicians and ideologues were forced did not permit straightforward substantial alterations of the basic doctrines, however outworn the old dogma's might have been. For any such substantial change would have been interpreted by the adherents of Bismarck as a sign of indulgence. Social doctrine became, in a sense, even an important weapon in the Kulturkampf (Görner 1986: 164). After all, if the social question was a religious and moral problem which demanded religious solutions, then the church would be the natural institution to take up this enormous task. The church should not be weakened, but strengthened. In fact, the church should be granted a monopoly in social care.

However, by repeating this claim time and again during the Kulturkampf, it became increasingly difficult to get rid of this point of view -even when the religious definition of the social question was no longer politically useful nor theoretically tenable. Thus, "these tactics finally became a heavy burden on the Christian social movement, which -while referring to this argumentation- was accused of being nothing but the bait with which the workers were lured back into the church. And this church, moreover, did not even pay attention to the real interests of the proletariat, but, on the contrary, wished to uphold the unjust relationships at all costs" (Görner 1986: 164, my translation). It was when the momentum of the Kulturkampf was relaxed, that a social Catholic reorientation became feasible.

The third reason for the endurance of the religious overtones in the conceptual framework and in practical social action may be found in the fact that the church as well as political and social Catholicism became increasingly involved in the competition

with and struggle against Socialism[16]. Although social Catholicism and Socialism shared a basic anti-Liberal and anti-capitalist attitude which could have facilitated a coalition between the two, this did not occur for the obvious reason that they had opposing views concerning the constitution of future society and the role of religion in it. The theoretical elements with which the social question was analyzed were no grounds for agreement either. In particular the ardent anti-religious attitude of the Socialists -the resignation of church membership was a condition for membership- could not possibly be reconciled with a movement which saw in de-Christianization and anti-clericalism the root cause of social misery (see Görner 1986: 162). Collectivist solutions had too much a Socialist connotation.

It was Ketteler, however, who began to analyze the social question increasingly in terms of reformist social policies. Paradoxically, this reorientation presupposed the recognition of capitalism as an efficient and in principle 'just' economic system, or at least as a *fait accompli*, and the role of the state in social policy as at least a possibility. Ketteler in many senses is the personification of the attempt of modernizing Catholic social thought. He embodies through his life and works the whole spectrum from charity and neighbourly love to the embrace of state aid and social policy as the means to moderate capitalism. In fact, "(...) Ketteler represents the pivot not only of contemporary social and political Catholicism, but of integral Catholic Germany of the 19th century" (Alexander 1953: 412).

Source 4: The 'Social Question' as a Socio-Economic Problem and an Object of Social Policy

In a letter (January 1864) to Lasalle, Ketteler acknowledged for the first time that the social question was an economic question, too (see Hogan 1946: 100) and he took over Lasalle's wage theory to analyze it as such. In the same year Ketteler published his

16) In 1858 Peter Franz Reichensperger (1810-1892), one of the first leaders (together with his brother August) of German political Catholicism, added the anti-Socialist element to the religio-normative analysis of the social question, when he wrote: "bodily and spiritual misery are as old as mankind. What is new, however, is that hate, bitterness, anger and despair replace Christian patience in certain social circles. The poison of Socialism makes things ten times worse" (cited in Görner 1986: 161, my translation).

famous 'Christianity and the Labour Question', in which he rejected both Socialism and Liberalism. He argued that the material existence of the worker depended upon his wage. The wage was determined by the minimal necessities of life, that is the minimal amount of food, clothes and shelter which are necessary for survival. The wage of the worker was a commodity, whose price was determined by supply and demand. Ketteler, no doubt, echoed Lasalle (see Hogan 1946) when he wrote: "(...) the general tendency though is, like in the case of any commodity, the 'cheapness' of production; the 'cheapness' of production is here the limitation of the necessities of life; a downfall cannot fail to come about because of this rather mechanical and mathematical movement. Sometimes even the absolute minimum cannot be covered by the price of labour. Malnutrition and starvation of the workers and their families is the result" (cited in Stegmann 1969: 354, my translation).

Co-operative productive associations provided the solution for the labour problem. They would abolish the detachment of capital and labour and accordingly lead to the deproletarization of the workers. The worker in such a productive association would also be employer. He would therefore receive a double income: a wage and a share in the profit. If the wage would not suffice, the share in the profit could make up for the shortcoming. Apparently, the causes of the social misery and abuses were increasingly interpreted in socio-economic terms, although religious overtones were not completely absent. Most importantly, the argument was still that the state had no significant role in solving the social question.

The idea of productive associations is remarkable to the extent that it went already much further than the dominant practice of charity of the Catholics. For the concept of productive associations presupposed the acceptance of industrial production and was therefore a major step towards the recognition of capitalism as an economic system (see Görner 1986: 162). There existed, however, a tremendous problem with the feasibility of the productive associations. These simply lacked capital to get started. In addition, on the Catholic account and unlike Lasalle's view, the state was not accorded a function in providing capital for the associations. The Christian spirit was expected to be strong enough to provide the necessary resources. Still convinced of the force of charity and neighbourly love, Social Catholics hoped for the generosity of the faithful, rich Catholics to raise the capital.

The almost complete failure of the productive associations in practice[17] plus the implication that upon such miscarrying organizations a corporative society could not be built, were the elements contributing to a fundamental change within the view of German social Catholicism around 1866/1867. The majority abandoned its anti-capitalism because it became more urgent to moderate capitalism's defects and to "search for suiting cures for every single excess and to let the workers enjoy as much as possible the goods and the blessings of the system" (Ketteler, cited in Stegmann 1969: 383, my translation).

There are a number of reasons for this reorientation. I have already pointed to one reason, namely the impossibility of building a corporative social order upon the cooperative productive associations that were doomed to fail. Secondly, Natural Law tends to prohibit the glorification of a historically developed social and economic order as if it were the only possible, God given, societal order. The idealized pre-capitalist society was left behind as soon as it became clear that capitalism was a new historical order with a capacity to endure and feudalism and the guild system were not supra-historical forms. Thirdly, it became increasingly clear to German Catholics, that they simply lacked the power to put a halt to the capitalist advance. Eventually, one could not afford to pursue utopian ideals at a time when things increasingly got worse. Adaptation was called for if Catholicism was to remain a power in the land.

The main result of the reorientation was that the causal relationship between religious and moral degeneration and the industrial revolution was redefined. It became clear that "the miserable social relationships are the cause of the alienation of the workers from the church, and not quite the reverse" (Ketteler, cited in Görner 1986: 168, my translation). As a result, a new role for the state became feasible[18]. The church was to support public social policy, since Catholicism was not opposed to social and material progress.

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17) The faithful rich Catholic capitalists, of course, turned out to be not that generous and 'moved' by Christian love after all.

18) "The state is (...) under obligation to contribute to the re-establishment of the rights of the labourer before the law. Labour is the man himself, an essential part of his personality. In a civilized land labour must therefore be protected by law. Where this does not obtain, where labour is considered a mere commodity and the capitalist can exploit the worker and slowly destroy his ability to work there exists in that land, despite all its allegations of civilization, a good beginning toward the most despicable barbarism" (Ketteler, as cited in Hogan 1946: 155).

In 1874 Ketteler was president of the national convention of Catholics (Katholikentag) which was primarily devoted to the formulation of demands for state intervention[19]. The following proposals were formulated: legal protection against physical and financial exploitation; state administration of welfare arrangements for all classes of society; legislation to improve the industrial codes; labour legislation; self help; cherishing of the moral and religious life of the families of workers; and finally Christian charity (see Hogan 1946:208). The mix of modern and pre-modern elements in this program is striking. If one would read this list in reverse, i.e. by starting with the proposal of Christian charity, one can almost see the history of Catholic social thought in a nutshell, coming from charity, moralizing and self-help to labour legislation and social policy.

The German Centre Party took over this program and proposed what is known as the Labour Protection Bill of Clement von Galen (March 19, 1877). This proposal was almost identical with what Ketteler had defended some years before. German political and social Catholicism, therefore, had adopted quite an active position with regard to social policy in the 1870s. In fact, the eagerness to remedy capitalism through public social policy was such that factions within the Centre Party arose that wanted a discussion on "the limits to which the state should be restricted in framing new legislation for the workers" (Hogan 1946: 214). The more social policy became conceivable, the more the problem of the extent of state interference was raised[20].

Ketteler's influence was considerable, not only on the political practice of German political Catholicism, but also -and perhaps in the end more importantly- on Papal social ideology. *Rerum Norvarum*, in particular, was inspired by him and Leo XIII mentioned this more than once (see Bowen 1971: 79). The Pope, in fact, called Ketteler his great predecessor. And for Germans who were familiar with Ketteler's 'The Labour Question and Christianity' nothing original or new could be found in *Rerum Norvarum* (Hogan 1946: 237), whereas the similarity between the two

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19) According to Kaufmann (1988: 82) the demand for public social policy was characteristic for the 'Zentrum' ever since its foundation, whereas Ketteler's design for a political program of 1871 already contained a systematic -although mainly corporatist- proposal for social policy.

20) Ketteler typically entered this discussion by starting to re-emphasize the idea of charity and neighbourly love again as, for example, in a piece called 'Religion and the National Welfare' of 1878 (Hogan 1946: 219/22).

documents -even in the use of words- was conspicuous (Hogan 1946: 238). However, the crucial difference between the two documents is that *Rerum Norvarum* completely failed to formulate a positive action program.

In the gradual development to the acceptability of social policy lies an interesting paradox very similar to the Social Democratic debate on parliamentarism and reformism. If it was agreed that moral and religious decay were not the cause but an effect of the excesses of capitalism, then social policy could come in to provide material relief. This, in turn, could have the beneficial effect of restoring the relationship between the church and the workers. However, in order to be able to accept practical social policy through the parliamentary vehicle as a means to improve the material position of the working class, capitalism itself had to be recognized as a more or less 'just' economic system. The paradox, then, is that in order to improve morality and religion through social policy one had to accept the very system which had caused the misery in the first place. As a consequence, charity could not be but a part of the solution of the social question. The problem of social justice under capitalist conditions and of social policy was thus raised and the 'revolutionary' corporatist theory was rendered problematic.

Gradually, and in spite of the resistance of conservative Catholics (see Stegmann 1969: 390-92), reformist social Catholicism became the dominant current of German Catholicism. In Bowen's words: " Meliorism, within the existing capitalist-individualist scheme of things, became the order of the day. Only a minority of Social Catholics and a still smaller proportion of the Centre continued to demand radical institutional changes (...)", that is a reconstruction along corporative lines. In fact, the conclusion is that "despite the tenacity with which corporatist doctrines persisted in German Social Catholicism (...) a corporative 'new ordering' of society was never the program of a clear majority of the movement's leaders after 1880. By 1890 only a handful of doctrinaires and a die-hard agrarian faction within the Centre were still actively promoting such a program (...). The doctrine has thus largely remained the expression of an ideal, and its central significance has continued to be primarily intellectual. But as a critique of atomistic individualism on the one hand and of state omnipotence on the other it has contributed in a not insignificant fashion to modern Catholic political and social thought" (Bowen 1971: 118).

Source 5: The Papal Struggle for Social Justice Under Capitalism

The 'social doctrine' or 'social teaching' of the Catholic church is a relatively recent phenomenon. It simply did not exist as a separate body of theory before 1878. Since then it has gained an important place among official Vatican ideology and has functioned as a source of inspiration for social Catholics and Christian Democracy throughout Europe. The first question is why the Papacy became increasingly interested and active in formulating a social doctrine which could be distinguished from other dogma?

It might be that the church after an era of complete negation of the social question until the 1880s was badly in need of a "leader in the Vatican who could detect the disease and prescribe an effective remedy" (Camp 1969: 7) and that it was Pope Leo XIII who was well prepared "to give leadership to the church in its confrontation with the modern world" (Camp 1969: 11). But most probably, it was the economic crisis of the 1880s which not only worsened the conditions of the working class but also led to the greater magnetism of the radical, Marxist Socialist movement. The Socialist movement was for the main part anti-Christian and in the eyes of the clerics constituted a threat to the very existence of the Church. Consequently, the pressure on the Papacy to pay attention to the social question was greatly increased. The circumstances were so to speak begging for a gesture of the Church. *Rerum Norvarum* (1891) was a main attempt to keep workers as Catholics within the church. Social Catholics in Germany under the leadership of Bishop Von Ketteler had paved the way for the official Papal social ideology. The decisive difference between Leo XIII and his predecessors, who merely rejected all phenomena of modernism, was that this Pope argued that "modern society was not necessarily destructive of Catholic ideals (...)" (Camp 1969: 13). In addition, the Thomist revival within the Catholic 'intelligentsia' stimulated the formulation of a new and modernized social doctrine.

Social doctrine originated as a new branch of Catholic doctrine as the result of the decline of the temporal power of the church (Burns 1990). The church started to centralize her control over morality and the moral dimensions of the economic realm in particular. Rome became the oracle of the moral dimension of social, economic and political life. The argument is that "the Papacy developed a perspective on social issues

that opposed Liberalism with a neo-feudal worldview. Within that perspective, 'social doctrine' became a distinct doctrinal category to address such issues. Popes avoided conflict with Liberal states by devaluing doctrine on social and political issues and making it vague enough to avoid specific policy commitments. Yet, by retaining pre-capitalist, organic views of society, the papacy preserved for the church an independence from Liberal ideologies" (Burns 1990: 1126).

These reasons, then, contributed to the appearance of a new body of doctrine, 'social doctrine'. The industrial revolution and the victory of industrial capitalism constitute the incentive as a reaction to which a new doctrine was formulated. The timing of the emergence of the new branch of ideology can be explained by the economic crisis of the late seventies and early eighties of the last century, which made the social question all the more imperative, as well as by the success of the Socialist movement, which posed a political challenge in its anti-clericalism. The already available philosophy of St. Thomas could be drawn upon precisely because of the emphasis on reason as a foundation of faith, which provided the church with theoretical weapons to defend the faith against the attacks of rationalist philosophies. However, this revitalization of Thomist philosophy put the problem of charity and social justice in the centre of the Roman Catholic agenda.

Charity, as argued above, has a central place in the philosophy of Aquinas. Therefore, it can be expected that it has served as one of the starting points of the reformulation of medieval doctrine into a modern -be it neo-feudal- social doctrine. It can also be expected that signs can be found of a theoretical struggle to go from the basic contents of charity to a new Catholic conception of justice, drawing upon the social theories as formulated in Germany in particular.

Let me, for the sake of argument, illustrate the point by contrasting the words of Leo XIII and Pius XI. Throughout the first 'social encyclical' explicitly addressing the conditions of the working class one can find clear signs of what might be defined as a theoretical endeavour to go from the basic contents of charity to a new conception of justice. In *Rerum Norvarum* (1891) the emphasis, however, remains on charity. It is not until the reign of Pius XI that the development of modern Catholic social theory away from the dominance of charity was further developed. By that time, however, Catholic parties had already an extended experience with social policy. Thus, Leo XIII

argued: "True, no one is commanded to distribute to others that which is required for his own needs and those of his household; nor even to give away which is reasonably required to keep up becomingly his condition in life (...). But, when what necessity demands has been supplied and one's standing fairly taken thought for, it becomes a duty to give to the indigent out of what remains over (...). It is a duty, not of justice (save in extreme cases), but of Christian charity, a duty not enforced by human law" (*Rerum Norvarum*, in Gilson 1954: 217/218). And further: "The common Mother of rich and poor has aroused everywhere the heroism of charity, and has established congregations of religious and many other useful institutions for help and mercy, so that hardly any kind of suffering could exist which was not afforded relief. At the present day many there are who (...) seek to blame and condemn the Church for such eminent charity. They would substitute in its stead a system of relief organized by the state. But no human expedients will ever make up for the devotedness and self-sacrifice of Christian charity" (*Rerum Norvarum*, in Gilson 1954: 221/222).

Now, compare these statements with the words of Pius XI 46 years later in his encyclical against Communism: "A charity which deprives the workingman of the salary to which he has strict title in justice is not charity at all, but only its empty name and hollow semblance. The wage-earner is not to receive as alms what is his due in justice. And let no one attempt with trifling charitable donations to exempt himself from the great duties imposed by justice" (*Divini Redemptoris*, in Camp 1969: 100).

The Object of a New Branch of Doctrine

Nevertheless, *Rerum Norvarum* is the first Papal document attempting to introduce other means than the duties of charity as relief for social misery. Apparently, Pope Leo XIII chose sides against such Catholics as the Belgian economist Périn and his followers, some of whom argued that "the poverty of the masses was necessary so that the rich could have the opportunity to practice the duty of charity! The most effective weapon against Socialism, he (Leo XIII) came to say, was to eliminate poverty altogether, not merely (!) by the temporary expedient of charity, but by a permanent readjustment in the workers' standard of living and their position in society" (Camp 1969: 79). The question is whether the Pope offered an alternative.

The first modification of charity, I would argue, was that instead of continuing to stress the duty to give Leo XIII started to emphasize the duty of employers to treat "their workers as brothers, giving them conditions of work as favorable as possible" (Camp 1969: 81). At the same time the working class had to be obedient and show respect for the employers. Reading the encyclical carefully shows that the emphasis remains on obligations rather than rights. Ultimately, the great social encyclical lacks a clear conception of rights, except where the right to private property is concerned.

The main fear the first social encyclical deals with concerns the danger of Socialism. The Papal program of social reform can be defined as the opposite of Socialism. In the generalization of private property rather than its socialization the solution to the social question was sought. "Leo XIII wanted the reverse (of Socialism) by means of higher salaries, and workers' savings; ultimately he envisioned the 'deproletarization' of the working classes. Such a reform, he hoped, would redistribute the wealth more justly and would help the working class to identify itself with the capitalists instead of with the ideals of Socialism" (Camp 1969: 84). The lengthy rejection of Socialism facilitated a critique of capitalism that avoided the risk of an association of the Catholic view with Socialism (Dorr 1983: 14). The object of *Rerum Norvarum* is on the condition of the working class. Its real subject matter, however, is not the one-sided attention to labour but rather the "relative rights and mutual duties of the rich and of the poor, of capital and labour (...)" (*Rerum Norvarum*, in Gilson 1954: 206).

Private Property as Social Policy

The misery of the working class was caused by the erosion of the traditional bonds of religion and of the Guild society. Nothing that could protect the workers had come in their place. "Hence, by degree it has come to pass that working men have been surrendered, isolated and helpless, to the hard-heartedness of employers and the greed of unchecked competition. The mischief has been increased by rapacious usury (...) practiced by covetous and grasping men (...). The hiring of labour and the conduct of trade are concentrated in the hands of comparatively few; so that a small number of very rich men have been able to lay upon the teeming masses of the labouring poor a

yoke little better than that of slavery itself" (*Rerum Norvarum*, in Gilson 1954: 206/207).

The Socialist solution of socializing private property could not be a tenable solution. In the first place, the workers themselves will be the main victims of such a policy, for private property can be seen as wages under another form. "Socialists, therefore, by endeavouring to transfer the possessions of individuals to the community at large, strike at the interest of every wage-earner, since they would deprive him of the liberty of disposing of his wages, and thereby of all hope and possibility of increasing his resources and of bettering his condition in life" (*Rerum Norvarum*, in Gilson 1954: 207).

In his defence of private property, Leo XIII appears to develop some elements of a Catholic conception of justice. Socializing is against justice, because every man has by nature the right to possess property as his own. Man is a rational being who through private property tries to take care for the future. Private property is in accordance with Natural Law. The conclusion is that "with reason (...) the common opinion of mankind, little effected by the few dissentients who have contended for the opposite view, has found in the careful study of nature, and in the laws of nature, the foundations of the division of property, and the practice of all ages has consecrated the principle of private ownership, as being pre-eminently in conformity with human nature, and as conducing in the most unmistakable manner to the peace and tranquility of human existence" (*Rerum Norvarum*, in Gilson 1954: 210).

Private property is the adequate means for bettering the condition of the working class. This theory of private property as social policy must above all be interpreted as anti-Socialist in its propensity: "The first and most fundamental principle, therefore, if one would undertake to alleviate the condition of the masses, must be the inviolability of private property" (*Rerum Norvarum*, in Gilson 1954: 213). The view of private property in *Rerum Norvarum* is atypical and is possibly its weakest part (Camp 1969). It was unusual because it did not seem to correspond with Thomist theory. The Scholastics typically argued that needs be provided for through the common labour of all. They never implied that it should be guaranteed that each could provide enough for himself (and his family). The Scholastic version of the theory of private property implicitly leaves room for charity by stressing the fruits of common

labour instead of individual effort. The Pope's version, on the other hand, seems to limit the possible role of charity. The basic weakness of this theory of property stems of course from the fact that it is hardly applicable to modern industrial society, and rather based on a view of society which was primarily agrarian, a society, that is, where proletarians would be able to buy a piece of land and become a small farmer and thus diminish the status of their labour power as a commodity.

The Doctrine of Inequality

The next step in *Rerum Norvarum* is as unusual and unexpected as the introduction of the doctrine of private property as social policy. For what is argued to be the best approach towards the betterment of the position of the proletariat is the recognition of the fact that inequality is the normal and natural condition in society. Suffering, furthermore, is the lot of humanity. This type of reasoning must be interpreted as an attempt to justify inequality and the resulting social misery rather than as a well reasoned account of the necessity of change. In fact, the Pope goes so far as to argue that only because inequality exists can society function properly.

A cryptic sentence, furthermore, holds that "Nothing is more useful than to look upon the world as it really is, and at the same time to seek elsewhere (...) for the solace to its troubles" (*Rerum Norvarum*, in Gilson 1954: 214). On my interpretation this means that the world is at it is and cannot be changed fundamentally. It basically contains a call for escapism[21]. As such it shows the Pope's deeply conservative view on the constitution of society and the possibilities of reform. Relief of worldly misery should above all be sought in the comfort religion provides and in the hope of a better life hereafter. The cryptic sentence may be taken to mean that one has to look upon the world "as inhabited by men whose natural inequalities necessarily beget social inequalities; it is to accept the fact that, ever since original sin, work has ceased to be a freely chosen delight; it is to become reconciled to the idea that, for the same reason, hardships, sufferings, and death will have no cessation or end so long as the world and

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21) In evaluating the difference between *Rerum Norvarum* and *Quadragesimo Anno*, Dorr (1983: 59) argues that "there is a slight but noticeable shift in emphasis from a more 'escapist' to a more 'worldly' spirituality".

mankind continue to exist; in short, it is not to turn the world into the fool's paradise imagined by so many social reformers" (Gilson 1954: 200).

This theory of inequality originates in the theory of society as an organism. On the organic view of society, hands do the work and the heads provide direction. The class that performs manual labour are the poor and the class that directs are the rich. This division of society into classes was considered to be permanent, and, by implication, inequality was to be seen as a permanent feature and quality of human society. Such a theory of inequality as a perennial characteristic of society again brings in the concept of charity, because it excludes the rightful claim of the poor to a larger share of societal wealth[22].

If inequality was natural and therefore good and just, it was a mistake to think in terms of class struggle. For how can the members of one and the same body be at war among themselves? The greatest mistake was "(...) to take up with the notion that class is naturally hostile to class, and that the wealthy and the working men are intended by nature to live in mutual conflict. So irrational and so false is this view that the direct contrary is the truth. Just as the symmetry of the human frame is the result of the suitable arrangement of the different parts of the body, so in a State is it ordained by nature that these two classes should dwell in harmony and agreement, so that as to maintain the balance of the body politic. Each needs the other: capital cannot do without labour, nor labour without capital" (*Rerum Norvarum*, in Gilson 1954: 214). Only religion contained the ability to hold the two classes firmly and harmoniously together. Religion pointed to the mutual duties of justice.

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22) Dealing with the topic of property and Socialism, the Italian Bishop Bonomelli, for instance, wrote in 1886: "There always will be rich and poor, there always will be material inequality because such is a natural necessity. If that was not the case, where would be charity, the queen of all virtues and fulfillment of the law of the Gospel? There have to be rich and poor, but in such a way that the rich improve a bit the lot of the poor and the poor accept the rich as their masters, their benefactors, their loving fathers; and rich and poor are held together by the sweet ties of Christian charity, which alone can give us the real and only possible equality. The head does not oppress the body upon which it rests but guides it and gives life to it, and the body does not rebel against the head but serves it, and through a harmonious relationship comes a shared well-being. The same thing happens in social life: you workers are the body and those of property, capital, and intelligence are the head" (as cited in Agócs 1988: 41).

The Imperfect Catholic Conception of Justice

On the Catholic interpretation of justice duties have no corresponding rights. The basic contradiction in *Rerum Norvarum* as the expression of the Catholic social theory, therefore, is found in the attempt to define a conception of justice while omitting a theory of correlative rights. In other words, the 'great social encyclical' acknowledges only the right to private property. The attempt to go from charity to justice was not successful. Relief remained a matter of love.

Only duties of justice are defined. Among these the following bind the workers: "fully and faithfully to perform the work which has been freely and equitably agreed upon; never to injure the property, nor to outrage the person, of an employer; never to resort to violence in defending their own cause, nor to engage in riot or disorder; and to have nothing to do with men of evil principles, who work upon the people with artful promises of great results, and excite foolish hopes which usually end in useless regrets and grievous loss" (*Rerum Norvarum*, in Gilson 1954: 215). The duties of justice prescribed for capitalists are: "not to look upon their work people as their bondsmen, but to respect in every men his dignity as a person ennobled by Christian character. They are reminded that, according to natural reason and Christian philosophy, working for gain is creditable, not shameful, to a man, since it enables him to earn an honorable livelihood; but to misuse men as though they were things in the pursuit of gain, or to value them solely for their physical powers -that is truly shameful and inhuman. Again justice demands that, in dealing with the working man, religion and the good of his soul must be kept in mind. Hence, the employer is bound to see that the worker has time for his religious duties; that he be not exposed to corrupting influences and dangerous occasions; and that he be not led away to neglect his home and family, or to squander his earnings. Furthermore, the employer must never tax his work people beyond their strength, or employ them in work unsuited to their sex and age. His great and principal duty is to give every one what is just" (*Rerum Norvarum*, in Gilson 1954: 215). Reading this fragment hundred years after publication it strikes the reader that what now for the most part would be identified as rights of workers are formulated here as duties of capital and vice versa. Furthermore, the cause for the commodification of labour power (man as a thing) was found in the misuse the

employer made of the physical powers of workers rather than in the structural features of anonymous markets.

What is just remains obscure, and the question still is what is to be done when he who has the obligation to provide a just wage (however defined) fails to do so and he who is to receive such a wage has no rightful claim to it? The answer apparently is again charity. Employers are expected to obey the duties of charity, while the proletariat was not given any right to action to get what it was 'entitled' to. The fear for revolution or the disruption of societal stability excluded such a possibility. The Pope "set up an ideal of harmony in society that was so exalted and perfect that it remained abstract and unreal" (Dorr 1983: 23). The conclusion, therefore, is that - unlike in the social theory and practice of German social Catholics- no progress was made in the attempt to update charity as a workable concept for reform and political action. Whenever the Pope used the vocabulary of 'rights and duties' of capital and labour, he had only a vaguely modernized version of the duties of charity in mind and in fact only one right: the right to private property. Halfway the encyclical one is left where one started and the only thing that happened is that private property was defended, Socialism condemned, inequality praised, charity once more accentuated and no positive program of action formulated.

The Role of the State

In trying to formulate such a positive action program the relative roles of church and state are underlined. Although the church is defined as primarily interested in the spiritual well-being of the workers, the Catholic theory holds that "Christian morality, when adequately and completely practiced, leads of itself to temporal prosperity (...)" (*Rerum Norvarum*, in Gilson 1954: 220). The church is said to have intervened with great success on behalf of the poor by organizing and supporting the organizations of charity. The claim is that in order to spare the poor the shame of begging the church has arranged their relief. Why, then, did the Pope find it necessary to write an encyclical on the misery of the working class if charity were indeed so successful? This contradiction plainly shows the failure of the Vatican ideologues to fully recognize the fact that charity under conditions of a secularizing capitalist society had become an

anachronism. In this sense, the Pope in 1891 was theoretically at the level of German social Catholicism in the 1860s. He failed to integrate the major insights with regard to social policy and the rights of workers that Ketteler had already formulated in the early 1870s.

Surely, the social question is partly interpreted as the result of the failure of the obligations of charity. It is for this reason that the role of the state relative to the one of the church is being analyzed. The state's role in the relief of the poor, however, could only be understood as derived from the imperfect obligation of the conception of justice. It is only because duties turn out to be not so binding as the church would want that the state acquires a role in the solution of the social question. Nevertheless, in a typical manner the function of the state is defined as the obligation "to make sure that the laws and institutions, the general character and administration of the commonwealth, shall be such as of themselves to realize public well-being and private prosperity (...). Now a state chiefly prospers and thrives through moral rule, well-regulated family life, respect for religion and justice, the moderation and fair imposing of public taxes, the progress of the arts and of trade, the abundant yield of the land - through everything, in fact, which makes the citizen better and happier" (*Rerum Norvarum*, in Gilson 1954: 222). The only reason why the state should work for the benefit of the poor is because it should work for the benefit of all classes of society.

The argument is continued with a sentence to that is easily (and often) misinterpreted: "Among the many and grave duties of rulers who would do their best for the people, the first and chief is to act with strict justice -with that justice which is called distributive- toward each and every class alike" (*Rerum Norvarum*, in Gilson 1954: 223). At first sight distributive justice could be mistakenly taken to imply an important function of the state in the redistribution of wealth of society, let us say, a conception that seems very near the Social Democratic one. However, the fact that distribution has to be just to 'every class alike' does not imply redistribution. On the contrary, it puts strict limits to the extent to which wealth can be transferred from one class to another. For given the doctrine of the natural inequality of society, distribution may never go so far as to mitigate class differences because it would be unjust. Justice, therefore, does not demand more than that the state takes care that workers are clothed, housed and fed so that "they find their life less hard and more endurable" (*Rerum*

Norvarum, in Gilson 1954: 224). Again, it has to be stressed that this role of the state is defined as a duty of the body politic, not as the right on the side of the working class. Poverty, then, becomes the effect of a double failure to perform a duty: of the rich to give alms and of the state to provide relief; poverty is not the lack of guarantees for the fulfillment of a right. There is no such thing as a rightful claim to relief.

State intervention is even further limited in that the smaller social units such as the family are not to be absorbed. The state should only come in "whenever the general interest or any particular class suffers, or is threatened with harm, which can in no other way be met or prevented (...)" (*Rerum Norvarum*, in Gilson 1954: 224/225), as in the case of strikes, the relaxation of family ties, the lack of time for the performance of religious duties, moral decay through the mixing of the sexes, too high burdens upon workers, and dangers for health. But the limits are strict, albeit dependent on the concrete cases: "the law must not undertake more, nor proceed further, than is required for the remedy of the evil or the removal of the mischief" (*Rerum Norvarum*, in Gilson 1954: 225). This is of course the doctrine of 'subsidiarity' in its embryonal form. Fourty years later it was more clearly defined in *Quadragesimo Anno*: "Just as it is wrong to withdraw from the individual and commit to a group what private enterprise and industry can accomplish, so too it is an injustice, a grave evil and a disturbance of right order, for a larger association to arrogate to itself functions that can be performed efficiently by smaller and lower societies" (cited in McOustra 1990: 45-6).

The Rudimentary Conception of a Right to Relief

With respect to the conception of rights and correlative duties there is a further ambiguity. Rights are to be defended religiously and the state has the duty to protect rights. In fact, Leo XIII argues that the poor and the badly off have a 'claim' for special consideration: "The richer class have many ways of shielding themselves, and stand less in need of help from the state, whereas the mass of the poor have no resources of their own to fall back upon, and must chiefly depend upon the assistance of the State. And it is for this reason that wage-earners, since they mostly belong in the mass of the needy, should be specially cared for and protected by the government" (*Rerum Norvarum*, in Gilson 1954: 225-26). Although the word 'claim' suggests that

a right to assistance exists, corresponding with a duty on the side of the state, such a right is nowhere defined.

This ambiguity is increased by the analysis of exploitation in terms of the passion of greed. Paradoxically, where this passion is intense, the first duty is to control the poor. Relief is of lesser importance, for "if all may justly strive to better their condition, neither justice nor the common good allows any individual to seize upon that which belongs to another, or, under the futile and shallow pretext of equality, to lay violent hands on other people's possessions" (*Rerum Norvarum*, in Gilson 1954: 226). In case of a conflict between capital and labour, even if the cause of the conflict is exploitation, the first thing to make sure is that capital be protected by guaranteeing private property. The church feared most of all the revolutionary forces of society "whose main purpose is to stir up disorder and incite their fellows to acts of violence. The authority of the law should intervene to put restraint upon such firebrands, to save the working classes from being led astray by their maneuvers, and to protect lawful owners from spoliation" (*Rerum Norvarum*, in Gilson 1954: 226). There is no option for the poor left but "to put up with their sad situation" (Dorr 1983: 20).

Are there no positive rights for workers? Yes, the worker has the right to rest one day a week, sunday, in order to pray, because "the rest from labour is not to be understood as mere giving away to idleness; much less must it be an occasion for spending money and vicious indulgence (...)" (*Rerum Norvarum*, in Gilson 1954: 227). This right to sunday rest is mainly motivated by the fact that religious practice can make a man forget the daily sorrow and to pay attention to God.

The worker, moreover, ought to receive a just wage (the vocabulary of rights is again avoided here). The free market wage-setting procedures of supply and demand were not accepted. Wages should not go beyond the level of the just wage, that is, a wage sufficient to provide for the need of the worker and his family[23]. The anti-Liberal doctrine on the just wage is one of the more clear statements of *Rerum Norvarum*. "Let the working man and the employer make free agreements, and in particular let them agree freely as to the wages; nevertheless, there underlies a dictate

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23) *Quadragesimo Anno* defines more clearly the concept of a family wage, while at the same time holding that it is a disgrace if a woman is forced to work because of the inadequate income of her husband. As a result, she would only neglect her natural duty of caring for her children (*Quadragesimo Anno*, section 71).

of natural justice more imperious and ancient than any bargain between man and man, namely, that wages ought not to be insufficient to support a frugal and well-behaved wage-earner. If through necessity or fear of a worse evil the workman accept harder conditions because an employer or contractor will afford him no better, he is made the victim of force and injustice" (*Rerum Norvarum*, in Gilson 1954: 229/230).

Wage policy should come in as a rudimentary means of de-commodifying labour. The workers should become less dependent upon market wages. It is implied that the just wage should even be slightly more than just enough for the worker and is family in that it should also allow for some saving. For saving was seen as the proper means to acquire property and property as the suitable means to solve the social question. The role of the state, then, was not only to protect the private property of the capitalists, but also to promote deproletarization by stimulating workers to save.

The Solution of the Social Question

The solution of the social question on the Pope's account, therefore, consists in making everybody a small proprietor. It reveals the Pope's naive worldview which was basically still agrarian and feudal in outlook. It explained poverty in terms of the lack of morality. There is no account of the structural conditions of modern society, let alone a view on the difference between feudal and industrial society[24].

More specifically, the great social encyclical letter of Leo XIII lacks a theory of capitalism and therefore fails to offer a workable solution to the social question. The third way between capitalism and Socialism is simply: neither reform nor revolution. The basic mistake is the inability to understand the fundamental difference between private property as such and the private ownership of or control over the means of production, for the fundamental characteristic of capitalism is the separation of

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24) Camp has seen this weakness very well where he writes: "The Pope also failed to make *Rerum Norvarum* relevant to modern property relationships. His neo-scholastic thesis was more applicable to a primitive agricultural community than to the complexities of an industrial economy. Those who relied on such an economy for their livelihoods were too interdependent to have a property right based upon the need for each to receive the product of his own labour. Holdings in a joint-stock corporation could not be justified by saying that the labour of the owner transformed these holdings into a part of himself. By being irrelevant to inherited riches, the incomes of the leisure class, and the holdings of the great capitalists, *Rerum Norvarum* simply failed to defend the types of private ownership most vigorously attacked by the Socialists" (Camp 1969: 56).

producers from their means of production. The section on the great and excellent things that will follow from the spread of private property shows the inability of the Catholic church to see the world as it really was: "If working people can be encouraged to look forward to obtaining a share in the land, the consequence will be that the gulf between vast wealth and sheer poverty will be bridged over, and the respective classes will be brought nearer to one another" (*Rerum Norvarum*, in Gilson 1954: 230/231).

PART II

CROSS-NATIONAL COMPARISONS

CHAPTER 5

AN INTERLUDE IN FIVE PROPOSITIONS

Here I present a constructed type of social capitalism in five propositions. These propositions, in turn, serve as the foundation for the more specific hypotheses as developed and tested in chapter 7. Although the propositions are an abstraction from reality, they make easier the contraposition of social capitalism to other well established models, notably the Social Democratic model. It elucidates what is distinctive about social capitalism. In addition, it helps detecting possible deviations from the constructed type in the social policy practice of Christian Democracy in the post-1945 period in Germany, Italy and the Netherlands.

But let me first elaborate the three tentative differences between Social Democracy and Christian Democracy of chapter 2. Given the results of the analysis so far, one might now recognize that these identified differences in fact pertain to the three sub-systems of society recognized by Christian Democracy: the market (private property in particular), the state and the family.

As to the state, Christian Democracy does not acknowledge the primacy of politics. All societal organs have their own autonomy. There can be no fundamental change of property relations in the name of equality; there can only be reparation of social costs. The state is not characterized by a permanent reform capacity, but at most by a temporary correction of the inadequacies produced by the market. In general, inequality is a natural phenomenon and is reproduced at other levels.

As to private property, Christian Democracy does not change its place and function, but embeds it in a moral framework. Reform is possible with regard to its use, not to its existence, except in extreme circumstances and when everything else fails. Property relations in society do not give rise to a permanent struggle of classes but are the foundation of the capacity of a permanent accommodation of conflicting interests. As such they produce harmony rather than conflict. Unions, nor employers, nor parties are class agents, but instruments in the establishment of society as an organism. Each has its place, each is indispensable, and all contribute to the Public Good. Intra-class solidarity, though useful in itself, is not what really matters; only inter-class harmony may establish the happiness of all.

As to the person and the family, Christian Democracy sees the latter as a precondition of the former. The human self is not primarily a political, but a social

being. Man (in this case the male) through his labour is the centre of public life. Woman, through her work as mother and through her natural faculty to care, is the centre (but not the head) of the family. The family is the cornerstone of society. The state is the completion of the societal body in that it assists the lower organs to assist themselves. The church is the moral authority which accords the whole construction its stability.

Five Propositions on Social Capitalism

1. The identification of the source of social misery and poverty in the functioning of the capitalist market linked with a fundamental, yet conditional acceptance of capitalism represents the first element of social capitalism. Initially, the 'social question' was seen as an effect of religious failure and moral decadence on the part of the poor themselves. Therefore, it was the task of the church and of the Christian inspired social actors to provide relief through charity and pastoral care. The solution consisted in a regeneration of Christianity. Vital for social capitalism was the development away from charity and neighbourly love towards an embrace of the state as an institution which could channel the necessary funds to the families in need. Under conditions of failing love on the side of the employers, the causal chain of analysis had to be reversed. It was capitalism that created social misery. Misery, in turn, generated moral decadence and apostasy. Using the state as a mechanism of subsidy would enhance the capacity of families to regenerate. Consequently, the Christian faith would re-enter the hearts of the grateful poor and the poor would return to the mother church.

For this causal analysis to take practical effect, however, capitalism had to be recognized as a nearly 'just' economic system in principle. Acceptance of capitalism on the condition of social policy established the stipulation of social capitalism. Charity, therefore, could not be but a part of the solution of the social question. The problem of justice under capitalist conditions was thus intensified where secularization had rendered charity ineffective. Catholicism, therefore, was forced to accept capitalism because it aimed at its reform. Social Catholics (and the Pope) loathed the treatment of workers as commodities. A rudimentary idea of de-commodification, therefore, emerged with the conditional acceptance of capitalism. Since the family is

the unit of society, which cannot be broken down into further smaller components, its dependence on the commodity form of the labour power of a husband was made contingent upon his remuneration being sufficient to allow his wife to perform her natural function at home.

2. The second element of social capitalism concerns the scope and limits of state intervention, which became problematic as a result of the ineffectiveness of charity. If religious fear was not enough to induce employers to act in charity and to give alms, another mechanism was to take the place of the queen of all virtues. The more social policy became conceivable as an alternative for failing Christian love, the more the problem of the extent of state intervention was raised. Consequently, Catholics in particular developed a peculiar theory of state intervention which constitutes the nucleus of social capitalism.

Its peculiarity lies in the emphasis on the duty of the state to act as a subsidizer of inadequacy. State intervention is limited in it that must not absorb the smaller social units, but should help these to such an extent that they can take over themselves. The theory of 'subsidiarity' -such a well chosen term- defines the range and boundary of public intervention. Subsidiarity is also a crucial parameter of what might be called community production; it is a way of generating Christian citizens rather than citizens. Subsidiarity allows organized religion still to appear as the generous donator and upholder of decent lives. Subsidiarity in this sense is a crucial aspect of community production and reproduction. Social capitalism does not generate social citizenship in terms of individual rights, but accords the state a special duty in upholding the capacities of persons in their social environment. It is a clever, but perhaps still ambiguous solution for the problem of defining social justice as a correlation between public duties and social rights.

One can expect Christian Democracy to promote what one might call a passive or reactive social policy. Such a practice would typically be eager to moderate the outcome of the logic of the imperfect market by transferring considerable sums of money to families in need, but would hesitate in changing the logic itself. In this sense, social capitalism is the perfect middle way between Socialist collectivism and Liberal residualism. Christian Democratic reformism is basically repair work. In its strongest

formulation one might argue that a fundamental commitment to full employment cannot be a central goal of social capitalist arrangements. This, namely, presupposes too far-reaching interference. Full employment policy is not an intrinsic element of social capitalism; compensation for unemployment, of course, is.

Another effect of subsidiarity concerns the reluctance to transfer authority and control over policies entirely to the state. Privately governed, but publicly financed welfare arrangements would be the ideal. Such institutions would be intermediary organs with a function of their own. They ought not to be absorbed by the state, nor should they themselves absorb any lower organ. The corollary of self-government is self-responsibility. Financing through taxation appears contrary to the social capitalist plan, except in those cases where the ability of families is exhausted.

3. The third proposition on social capitalism concerns the specific theory of class and the idea of society as an organic whole of functionally differentiated members. Crucial is the implicit theory of inequality. On the organic view of society, classes are not antagonistic forces, but are mutually dependent entities. They are different, but equally important for the organic society as a whole. Inequality is a natural phenomenon that cannot and should not be altered. An extensive redistribution of societal wealth from one class to another disrupts the organism. One cannot transfer part of the brain, which thinks, plans and directs, to the hands that do the work. Social policy, therefore, cannot be expected to aim at establishing a more equal distribution of societal resources.

4. A fourth element of social capitalism follows from the theory of limited state intervention and the philosophy of natural inequality. It concerns the distinctively Catholic conception of justice, or better, the peculiar theory of distributive justice. Distributive justice on the Catholic account accords to each and every class what is its due. On this part, there appears to be no ambiguity as to rights and duties. Classes and vocational groups have a claim to what they are entitled to. Members of a class and of vocational groups, therefore, have a right to be treated in accordance with their status. The state has the duty to enforce these rightful claims. Social policy is not to alter status, but to reproduce it well into retired life.

5. A fifth element of social capitalism and the final proposition of this interlude concerns the idea of private property as social policy. It primarily functions in opposition to the Socialist solution of socialization or nationalization. Although the theory of private property did initially play a role in the discussion on social policy, the theory of the just wage (or family-wage) gradually replaced it. A money-income ought to be sufficient for a man and his family. In addition, the acquisition of private property would presuppose a money-wage. Such a wage should not only be sufficient for a worker to provide for himself and for the needs of his family, but it should also allow him to put something aside. This is the background of the theory of the just wage. It addresses the family as well as the propensity to save. In other words, it stresses the need for the family to provide for the present and future of its members.

Benefits for adult male employees, therefore, ought to be characterized by a capacity to replace the family income at the level of the present status. It is not excluded that as an unintended consequence of this social capitalist regimes tend to become generous in their benefit structure, especially with regard to families. Benefits for women, on the other hand, can be expected either to be dependent on the income of the husband or at least to be lower than for an adult worker. In its extreme form, social security is sexually differentiated.

CHAPTER 6

THE WELFARE STATE

This chapter evaluates the explanatory efforts of the various 'schools' that have come out of the decades long and still ongoing debate on the welfare state[1]. In particular, I try to establish to what extent the various theoretical approaches and empirical studies can make sense of the phenomenon of the Christian Democratization of capitalism. The argument is that, although generally the relative role of Christian Democracy in the shaping of welfare state regimes has been dealt with inadequately, important insights can nevertheless be adopted.

Industrialization, Economic Growth and Modernization

Theories which stress the causal primacy of industrialization and its correlates (e.g. economic growth, urbanization, demographic change) typically argue that the welfare state is largely the answer of society to the growing needs of its population. Industrialization creates the demand for welfare by destroying the traditional bonds of kinship, family ties, and the guilds, which were the main institutions providing social security. The development of industrial society (economic growth and its social and political correlates) at the same time creates the possibility of new forms of comprehensive security: the welfare state. The further nations are on the scale of industrial development the more they are likely to advance social policies and the more they will tend to look like each other. In other words, industrialized nations have a disposition to converge. The prime explanatory problem of these theories concerns the very existence of, rather than the variance among, Western welfare states (Wilensky and Lebeaux 1965, originally 1958; Kerr et al. 1973, originally 1964; Cutright 1965; Pryor 1968; Rimlinger 1971; Jackman 1975; Wilensky 1975).

For theories that accord causal centrality to modernization (secularization being a correlate of this developmental process) more or less the same considerations are valid. The welfare state emerges here as an effect of modernization. It is one of the mechanisms restoring disrupted societal integration. The explanatory object typically involves the timing rather than the existence of social policy. Variance among nations

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1) Reviews are offered by Alber 1982; Shalev 1983a; 1983b; Uusitalo 1984; Wilensky et al. 1985; Therborn 1986b; Skocpol and Amenta 1986; Henriksen 1987; Olsson 1987.

equals the difference of main events in the social policy history, understood as the effect of the rhythm and tempo of modernization (Flora and Heidenheimer 1981a; 1981b; 1981c; Flora and Alber 1981; Alber 1982; Kohl 1983; Flora 1983; 1986; Alber 1989).

One part of the thesis of modernization and industrialization concerns the enabling properties of development. Modernization, economic growth and industrialization allow for the extension of political redistribution. The other part refers to the identification of the constraining capacities of modernization. Industrialization creates new societal needs and demands which constitute functional requirements. These needs and demands engender a societal problem pressure to which states respond. Industrialization causes societal disruption at a large scale. Societal differentiation is the root cause of a modern problem of integration (Flora and Alber 1981).

It is obvious that for a welfare state to occur a certain level of economic development should have been reached and a specific problem pressure should have arisen. In order to redistribute societal wealth as a means for solving societal problems resources have to be available. Economic development and industrialization are preconditions for welfare state development.

Thus Wilensky (1975) argued that "(...) economic growth makes countries with contrasting cultural and political traditions more alike in their strategy for constructing the floor below which no one sinks" (1975: 27). Comparing 64 nations[2)] on the association between welfare effort (operationalized as the proportion of the Gross Domestic Product, GDP, devoted to social expenditure) and the level of economic development, the age of the social security system and the proportion of aged in a society, he found that "over the long pull, economic level is the root cause of welfare-state development, but its effects are felt chiefly through demographic changes of the past century and the momentum of the programs themselves, once established" (Wilensky 1975: 47). The growth of the welfare state was argued to follow fundamentally the same logic in all modernizing societies, regardless of culture and politics. The problem, however, was which factors could account for the observed variation in the

2) A sample with a mixture of Liberal democratic states, totalitarian states, authoritarian and oligarchic regimes, and authoritarian populist governments.

level of social spending among nations with comparable economic structures and at similar levels of development.

The main contribution of the theories of industrialization and modernization concerns an elaboration of a point of reference of welfare state policies. The argument is in favour of an objective problem pressure of societal integration. Both industrial and modernization theories are fundamentally functional accounts. They assume that societal problem pressures emerge from the wide disruption created by development. The welfare state, in turn, is an automatic response to such disruption and all nations sharing the experience of modernization develop welfare states. It remains obscure how needs and demands create their own fulfillment. There is hardly any account of political intermediation. As theories of the differences between modern welfare states, moreover, they lack the analytical instruments because the main variables show no variation among the advanced industrial nations. Nevertheless, for the subsequent empirical analysis I adopt the insight that the level of economic development and the age-structure of a society may have independent effects on social spending in particular[3)].

Capitalism and the Welfare State

Let me turn to those attempts that try to make sense of the welfare state within a theoretical framework inspired by Marxist state theory (see Jessop 1982). Although academic Marxism was at once "revolutionary politics, secular religion, utopian phantasy, social theory, hard-headed analysis of capitalism, philosophy of history, scientific Socialism, and much else besides" (Mishra 1984: 65), its common characteristic is found in the attempt to offer a critical account of the welfare state under capitalist conditions. Such accounts are ultimately a critique of the logic of capitalism.

Marxist theories of the welfare state (Piven and Cloward 1972; O'Connor 1973; Ginsburg 1979; Gough 1979; Lenhardt and Offe 1984; see also Mishra 1984) -next to being predominantly theoretical rather than empirical in nature- share the functional

3) See Pampel and Williamson (1989) for a recent statement on the relevance of demography.

reasoning of the industrialist and modernization theories and are in this respect strikingly similar to these approaches. Although it is admitted that the welfare state in some way or another embodies important improvements in the condition of wage labour within capitalism -that is warranting the (limited) possibility of reform- the welfare state is primarily analyzed as a capitalist state. As such it is said to perform first and foremost (or, if you like, 'in the last instance') the function of assuring the profitability of capital. Welfare arrangements are secondary effects of this function. The mitigation of the harmful and oppressive character of capitalism is an accidental side-effect. Since all nations considered are capitalist nations, social policy is everywhere performing the same function. Political determinants are irrelevant, since the welfare state is a function of the logic of the capitalist economy.

Within this paradigm there is a general tendency to confuse effects and functions. Thus, when O'Connor (1973: 138) redefines the meaning of social insurance as mainly an insurance for capitalists and corporations to create stability and security among workers, which, in turn, would guarantee accumulation, he mistakenly holds this possible effect as its function. Gough's (1979) very definition of the welfare state as the use of power to modify the reproduction of labour power and to maintain the non-working population in capitalist societies, determines this confusion of effects and functions. The transformation of non-wage-labourers into wage-labourers and their maintenance as such -as Lenhardt and Offe (1984) argue- may have been an important effect of social policy, but cannot be taken to explain its emergence and character.

The justified criticism on Marxist functionalism does not necessarily imply, however, that one has to abandon a critical analysis altogether. No doubt, social policy may have a legitimizing effect. But it is not because of this effect that states have social policies. Admittedly, the state might facilitate the accumulation of capital, but such a phenomenon is the explanandum not the explanans, let alone an account for cross-national variation. In short, Marxist functionalist theories point to the possibility of (unintended) effects of social policy that may (or may not) be beneficial for capitalism. Effects, however, cannot be taken to explain phenomena of which they are the effect, not even if one recognizes an unintended effect (see Elster 1989: 98/99).

Social Democracy as a Model of the Welfare State

Do political variables determine the variation in welfare state development, when economic or demographic variables have been controlled for? There are several approaches that have addressed this question. The 'simple democracy-thesis' (see Myles 1984) holds that political democracy is a sufficient explanation of the rise and effects of the welfare state. Elections are seen as the expression of the democratic class struggle. Because of the presence of a large number of workers in the electorate democratic politics is expected to have distributional effects in favour of welfare arrangements, since according to Downs (1960: 541) "in a democratic state, the division of resources between the public and private sector is roughly determined by the desires of the electorate"[4].

Probably the best established research agenda on the political determinants of the welfare state concerns those studies that can be grouped under the heading of the Social Democratic model (Hewitt 1977; Cameron 1978; Castles 1978; 1985; Korpi 1978; 1983; Stephens 1979a; Esping-Andersen 1985a; 1985b; 1987; see for an overview Shalev 1983a; 1983b). The leading hypothesis of the model is that "the bulk of the observable variation in welfare state emergence and growth in the western nations can be accounted for by the strength -especially in government- of Social Democratic labour movements" (Shalev 1983a: 316).

One might argue that the Social Democratic model is a more political version of the Marxist account of the welfare state (Pampel and Williamson 1989: 38). This is only true to the extent that from the Marxist theoretical framework the assumption is taken that "the class division between capitalists and wage workers is the fundamental axis of power and of political struggles in industrialized capitalist democracies" (Skocpol and Amenta 1986: 140). However, the Social Democratic model differs fundamentally from the Marxist view in its evaluation of the political process. Where for Marxists the historical mission of the capitalist (welfare) state is to guarantee capital accumulation and perform the function of legitimation (thereby reducing politics to

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4) Stressing the role of interest groups the argument would be that "the growth of the welfare state since 1945 represents less and less the influence of conceptualized goals -including class goals- and more and more the influence of the power of pressure-group politics reflecting the ordered segments of society (...)" (Janowitz 1976: 75/76).

economics), the Social Democratic model starts from an open theory of capitalist society, in which the possibilities that democracy offers are incorporated. The Social Democratic model would therefore rather have to be understood as a qualitative refinement of the 'simple democracy'-thesis.

Four fundamental assumptions constitute the presumption of what Ringen (1987) has called the possibility of politics, that is the reform capacity of political intervention. The first assumption is that economic relations or outcomes can be altered by political mediation. Social Democratic political actors are convinced that "the shape of the reward system is open to modification through political action within the context of capitalist economies (Jackman 1975: 121). It is of fundamental importance that there are "representative-democratic structures, mass enfranchisement, competitive elections, or other less institutionalized means through which the populace can influence what its government does" (Skocpol and Amenta 1986: 136/137; see also Jackman 1975: 121). The second assumption is that democracy provides the labour movement with a chance "to displace class struggles from the industrial arena into the political arena and to use the democratic state as a nonmarket instrument for redistributing income and services away from the economically privileged" (Skocpol and Amenta 1986: 140). The third assumption is that socioeconomic policies can be effective within the context of a capitalist economy. In other words, there is "some notion of democratic accountability, where the political preferences of significant groups in the population (i.e. the working-class or the 'less-advantaged') are in fact translated into meaningful policy changes" (Jackman 1975: 122) without decisively disrupting the capitalist economy (see also Castles 1978: 48). The fourth assumption is that reforming capitalism, although actually taking place within the structural constraints of the system, may nevertheless and ultimately will lead to the establishment of Socialism. Contemporary advanced welfare states are a stage between capitalism and Socialism. These assumptions have characterized to varying degrees the Social Democratic model of welfare state development.

Three weak points of the initial studies can be mentioned at the outset. The first is the underspecification of the causal mechanism. There exists a 'black box' between class structure and class alliances on the one hand, and political demands and distributional outcomes on the other. Secondly, the conceptualization of the dependent

variable in terms of social spending (or 'welfare effort') reveals how close these studies still were to the framework of the thesis of industrial development and to Wilensky's study in particular. The focus on spending put constraints on the capacity to open up the 'black box'. Finally, there is the problematic identification of the welfare state with egalitarian distributional regimes.

The Model

Hewitt's seminal paper (1977) on the relative impact of democratic structures and Social Democratic possibilities set the stage of the debate. The mere presence of democratic structures could not sufficiently explain gains in equality. Social Democratic experience appeared to be a necessary condition of egalitarian outcomes. The one to one correspondence between working class power and the welfare state generated the belief that a welfare statism could overcome the perennial dilemma between efficiency and equality.

Cameron (1978), on the other hand, analyzing interaction effects between the international economy and national political developments, found that Social Democracy may be a sufficient but not a necessary condition for a more equal distribution of resources. This approach added an international context to the cross-national perspective. It allowed for the argument that open economies are exposed to such external pressures that they become highly vulnerable to external shocks and disturbances. The expansion of the public economy (that is, the extent to which nations exert control over the appropriation and allocation of resources) was interpreted as an attempt to moderate the vulnerability through social insurance, labour market policies, subsidies to firms, and increases in public employment. Open economies, therefore, tended to have expanded public economies and more egalitarian social structures[5].

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5) Probably the most challenging elaboration of the argument of world market dependence is found in the work of Katzenstein (1985). Small nations that are strongly dependent on world market fluctuations typically develop democratic corporatist structures as a way of moderating the negative effects of this dependency. Democratic corporatism is often found in conjunction with Social Democratic party dominance, but the strength of the Social Democratic labour movement is not a necessary condition for democratic corporatism. It is here that it became increasingly difficult to separate the neo-corporatist argument from the Social Democratic thesis.

Cameron's argument is often mistakenly interpreted as a rejection of the Social Democracy-thesis. Yet, his argument was rather that the openness of an economy favours certain structural features of capitalist nations, which, in turn, support the power of labour. Small nations with open economies frequently have a high degree of industrial concentration. This tendency of concentration facilitates the creation and development of strong and unified organizations of workers and employers. In particular, the labour unions tend to be strong because of the existence of a homogeneous and concentrated labour force, which reinforces Leftist parties. As a result, the process of collective bargaining is decisively affected and tends to stimulate industrial or even economy-wide collective agreements. The powerful position of labour in nations with open economies and the egalitarian outcomes in these nations are the effect of interactions between international and national factors (see also Cameron 1984; 1987).

In the late 1970s and early 1980s a number of studies appeared which substantially elaborated the association between Social Democracy in power and the welfare state or its egalitarian distributional outcomes, emphasizing the Scandinavian experience in particular (Castles 1978; Korpi 1978; 1983; Stephens 1979a; Swank and Hicks 1984; 1985; Esping-Andersen 1985a). Within this tradition Social Democracy constituted the main actor and the Scandinavian countries the archetype of what happens when Social Democracy intervenes in the logic of capitalism. The argument was that "(...) in Sweden the basic prerequisite of capitalism, the internal competition among the wage-earners, is now on the verge of being abolished. The grave-diggers of capitalism are thus still at work and the future of capitalism remains open" (Korpi 1978: 4). The more power of the mass of the population is mobilized the more welfare arrangements will be produced and the higher the extent of equality will be. "A social order marked by inequality in rewards can be maintained only if it is supported by inequality in the distribution of power resources" (1978: 52). The underlying supposition becomes crystal-clear. Working-class or wage-earner power mobilization is fundamentally conceptualized as 'naturally' Social Democratic power mobilization. An amendment of the thesis proposed the weakness or fragmentation of the political Right as a necessary condition of Social Democratic hegemony in welfare politics (Castles 1978; 1985; see for a critical answer: Schmidt 1986).

The fully developed Social Democratic model can be summarized as follows. The more the mass of the population is organized as wage-earners within the Social Democratic movement, the higher the quality (universalism, solidarity, redistribution) of the welfare arrangements tends to be and, as a result, the higher the extent of equality. A developed welfare state, therefore, is evidence for a decisive shift in the balance of power in favour of the working class and its representative, Social Democracy. The distribution of power resources between the main social classes of capitalist society determine political intervention in the economy and the extent of inequality (Korpi 1978; 1983; Esping-Andersen 1985a; Esping-Andersen and Korpi 1984; 1986). Swank and Hicks (1985) tested a number of competing explanatory hypotheses on social spending (transfers) and equality, such as level and rate of economic growth, the role of democratic institutions, political power of labour and capital, and increasing needs. They found that the most consistent explanation concerned class-based political actors. The degree of unionization significantly influenced transfer spending as did the presence of large monopoly-sector firms. In addition, the finding was that lower- and working class protest (demonstrations, strikes) positively propelled spending.

Some of the studies represent what might be defined as the optimistic Social Democratic view on the possibilities of reformism. The assumption was gradually added that the Social Democratic welfare state represented some intermediate stage between capitalism and socialism (Korpi 1983; Stephens 1979a; Stephens and Stephens 1982). Socialism is about to arrive, although its coming is slow and gradual. Social Democratic reformism eventually leads to socialism (Stephens 1979a) and Sweden is the most likely candidate to first experience 'full socialism'[6].

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6) Tilton (1990), however, has recently argued that the dominant current of Social Democracy in Sweden is made up of a set of fundamental values (integrative democracy, the people's home, the compatibility and complementarity of equality and efficiency, a socially controlled market economy, the expansion of the public sector as a strategy to extend freedom of choice) rather than a basic commitment to the transition to socialism. These values considerably shaped Social Democratic welfare policies in Sweden, consisting of integrated measures regarding full employment, universalist social policies, forms of industrial democracy, solidaristic wage policies, active labour market policy and collective capital formation. While the Swedish model of welfare statism cannot be applied in other nations, its fundamental values are worth exporting. See for an admiring Canadian observer who argues that Swedish Social Democracy should serve as an example for Social Democrats elsewhere, Milner 1989).

In what may be defined as the less optimistic version the welfare state is interpreted as both medium and outcome of Social Democratic power mobilization. Social Democratic class formation is fundamentally the mobilization of power. The conditions under which power can be mobilized are de-commodification of labour power, institutionalization of solidarity, the inclusion of allied classes, and the formation of class alliances. The state has a central role in the process of Social Democratic class formation, because the creation of solidarity depends on the success of reformist strategies. It is the conditions of power mobilization that make Social Democracy opt for a specific type of social policy which comprises the interrelated goals of (class) solidarity, de-commodification, and equality (Esping-Andersen 1985a).

The reformist policies of Social Democracy must therefore be characterized by certain qualities. Ideally, they provide a feasible alternative to individualism and corporatism. In addition, status differentials should be eliminated. Social citizenship is "the means by which Social Democracy can surmount the obstacles to its own formation; namely the problem of resource weakness among workers and the problem of internal differentiation and stratification in its natural political base" (Esping-Andersen 1985a: 34)[7]. De-commodification in particular is seen as the indispensable precondition for Social Democratic power mobilization and Socialist collective action. Labour power under capitalist conditions is a commodity and is therefore subject to the discipline of the market regime. This causes competition among workers and

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7) Apparently, the Social Democratic model is indebted to Marshall's theory of citizenship (Marshall 1977, originally 1964). As is well known Marshall distinguished three stages in the development of citizenship. First the establishment of civil citizenship, then political citizenship and finally social citizenship. He argued that "the civil element is composed of the rights necessary for individual freedom (...)"; the political elements refers to "the rights to participate in the exercise of political power"; and the social element concerns "the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in society" (Marshall 1977: 78). The development of the welfare state is therefore understood as the development from civil rights to social rights, covering more and more people. Luhmann's political theory in the welfare state appears to be a systems-theoretical interpretation of Marshall's theses. Luhmann defines a similar concept of increasing inclusion as "the encompassing of the entire population in the performance of the individual function systems" (Luhmann 1990: 34). In the functional framework the argument is that "the inequality of factual opportunities becomes a problem precisely because it is no longer supported by the differentation scheme of society but reproduced afunctionally" Luhmann 1990: 35). And from very much the same developmental perspective as the theory of modernization he adds that "the realization of the principle of inclusion in the functional domain of politics ultimately leads to the welfare state. The welfare state is the realization of political inclusion" (Luhmann 1990: 35).

undermines the sources of solidarity. The reduction of market dependence is a necessity (Esping-Andersen 1985a; Western 1989).

Equality, however, is not so much an independent Social Democratic goal, but "equalization of incomes and wealth was seen as a necessary precondition for the attainment of the other two aims. Solidaristic policies necessarily involve a major redistribution both on the finance side and on the benefit side. If greater homogeneity is a precondition for social and political unity, then a reduction of wealth differentials becomes an important task for Socialist policy" (Esping-Andersen 1985a: 148). This type of analysis made plausible that spending per se is not the issue, but that Social Democracy is related to a specific type of welfare state. It implied a considerable respecification of the dependent variable.

Under what conditions does Social Democracy actually promote welfare statism successfully? Social Democratic control matters even under conditions of economic crisis, if and only if additional conditions are met, such as consensual behavior within the party-system and within the socioeconomic context (neo-corporatism), and which ministries are actually controlled by Social Democracy (Keman 1988). On the basis of a typology of Social Democracy and the analysis of the surplus welfare state (the above-average policy-efforts in terms of political compensations and economic regulations concerning the welfare of the population), the Social Democratic model is redefined as follows: "the relationship between Social Democracy and the development toward a surplus welfare state appears to be best served by a combination of a gradualist type of Social Democracy, which is capable of developing sufficient working-class power to gain and retain party control in a dominant and enduring way" (Keman 1988: 276). Progress, then, was made on the side of the independent variable, too. Social Democracy is a variable rather than a historically and cross-nationally constant.

Criticism, Further Elaborations and Challenges

The Social Democratic model of welfare state development and equality has met a considerable amount of criticism. There are objections which basically concern the elaboration of the central theses and the operationalization of the strategic variables.

The operationalization of the welfare state in terms of social spending may seriously hamper the understanding of the phenomenon and therefore of the mechanism creating patterns of equality (Esping-Andersen 1985a; 1985b; 1990). The assumption of a linear relationship between the dependent and independent variables is misconceived since it can only theorize (the quantitative) 'more or less' welfare state development and is blind for the qualitative differences (Korpi 1989). Welfare states cluster according to qualitative characteristics, which have definite distributional outcomes (Esping-Andersen 1990). The Social Democratic welfare state is the only type which combines the elements of universalism and solidarity with a fundamental and stubborn commitment to full employment. Empirically the model has been criticized because of its inability to account for nations with degrees of equality similar to those found for the Scandinavian countries, but where Social Democracy is not the dominant political actor (e.g the Netherlands, see Skocpol/Amenta 1986). Historically, the model does not live up to the expectations for it fails to account for the origins of the welfare state. Early social legislation was often initiated despite Social Democratic resistance. Finally, theoretically, the model suffers from the presupposition that labour power or the power of the working class equals Social Democratic power. This has blinded theorists of the Social Democratic model for other forms of the organization of the power of the working class (e.g. Castles 1985).

Recent studies have attempted to overcome these basic weaknesses. These concern substantial, theoretical and empirical improvements (Korpi 1989; Esping-Andersen 1990; Castles and the 'family of nations project; Castles and Mitchell 1990), technical sophistication (Griffin et al. 1989; Hage et al. 1989; Korpi 1989; O'Connor 1988; O'Connor and Brym 1988; Pampel and Williamson 1989), new directions in cross-national research on income inequality and poverty (the Luxembourg Income Study, see Smeeding et al. 1990; Mitchell 1990) and challenges to the very central claims of the Social Democratic model (De Swaan 1988; Baldwin 1990).

Using Worlds Bank Data on income distribution in advanced capitalist nations in the period 1975-80, Muller (1989) found evidence for a synthesis of the open economy, the labour strength and the party control variables as an explanation for cross-national variation in welfare state development and outcomes in terms of income inequality. However, while the analysis suggests that Social Democratic parties have

implemented redistributive fiscal policies that have narrowed the gap between rich and poor, the organizational strength of the working class does not directly influence income distribution. But unionization and centralization do affect an egalitarian income distribution indirectly by providing the electoral basis for Social Democracy.

In their attempt to integrate insights from various theoretical frameworks ('needs'-based explanations, political variables, incrementalism) and contextualizing the analysis (varying economic climates, different time periods, the structuring of socioeconomic bargaining) Hicks, Swank and Ambuhl (1989) have found that only the previously attained level of welfare effort (welfare spending as a share of national income), changes in the rate of unemployment and the growth of GDP have consistent effects across contexts. In addition, their study suggested that Left governments responded to working class welfare demands irrespective of economic climate, but only when unions are strong. Strikes appear to have compelled these governments to increase their welfare effort only in the pre-1973 period. The overall conclusion is that Left parties can still control the welfare state under the condition of strong unionization, but are severely constrained when this state is not present.

An attempt to reconcile inconsistent findings (e.g. concerning the influence of economic growth, demographic structure, political power of the working class) of the usually macro-sociological literature on the welfare state and equality was offered by O'connor (1988) and O'Connor and Brym (1988). The argument is that inconsistencies in the literature are mainly due to the divergent manner in which the strategic (both dependent and independent) variables are conceptualized and operationalized. Pampel and Williamson (1989), too, took up the task of submitting contrasting findings of two decades of literature to technically sophisticated methods of hypotheses testing, pooling cross-sectional and longitudinal data. Their findings dispute the Social Democratic model in particular (1989: 74), claiming that the struggle between capital and labour is not the dominant dynamic explaining the growth of welfare spending and equality. The demographic structure (percent aged) is the single most influential determinant of social spending.

The debate between several students of the welfare state over strategic variables, however, tends to slip into a predominantly technical squabble, confusing statistical techniques, methodology and substance. The debate between O'Connor and Pampel and

Stryker (O'Connor and Brym 1988; Pampel and Stryker 1990; O'Connor 1990) over methodological issues is an example. For Pampel and Stryker (1990: 20) "method -in this case model specification as well as estimation technique- is inextricably intertwined with substance". With this statement one could easily agree, except for the fact that method is quite a bit more than technique. In her reply O'Connor (1990: 27) makes the reasonable argument that "a more fundamental methodological issue relates to the conceptualization and operationalization of variables". Unfortunately her conclusion is that undecided issues concerning welfare effort are "likely to be decided only with accumulation of research, the development of better statistical procedures and the availability of more extensive longitudinal data" (O'Connor 1990: 27). The more fundamental methodological issue, however, has to do with the necessity to relate findings of quantitative analyses back to the theoretical assumptions and rethink theory in order to decide what method might be best to tackle the renewed problematic. Contemplating the whole subject matter on a more fundamental might lead to the acknowledgement that operationalizing the welfare state solely in terms of spending is theoretically unsatisfactory.

To equate Social Democracy and *the* welfare state is a mistake. There is considerable variation on both the independent (Social Democracy) and the dependent (the welfare state and equality) variable. Titmuss (1974), of course, already argued that welfare states differ fundamentally as to their institutionalization of solidarity and equality. Only his 'institutional redistributive' type comes anywhere near the Social Democratic ideal. Furniss and Tilton (1977) offered a distinction between the social security state and the social welfare state, only the latter representing the Social Democratic ideal. Therborn (1986a; 1987) has stressed the vital criteria of social policy and a commitment to full employment. Without the commitment to full employment there is no Social Democratic welfare state. The way out of the 'black box' would consist in a regeneration of welfare state theory (Therborn 1987: 239).

Esping-Andersen (1990) distinguished between three welfare state regime types, of which the Social Democratic welfare state is only one variety. The characteristics of this regime concern its universalism and de-commodification as well as the inclusion of the middle class. Such a welfare state would "promote an equality of the highest standards, not an equality of minimal needs (...)" (Esping-Andersen 1990: 27).

The Liberal model, on the other hand, is characterized by means-tested assistance, modest social insurance schemes and modest universal transfers. "Benefits cater mainly to a clientele of low-income, usually working-class, state dependents. In this model, the progress of social reform has been severely circumscribed by traditional, Liberal work-ethic norms: it is one where the limits of welfare equal the marginal propensity to opt for welfare instead of work. Entitlement rules are therefore strict and often associated with stigma; benefits are typically modest. In turn, the state encourages the market, either passively -by guaranteeing only a minimum- or actively - by subsidizing private welfare schemes" (Esping-Andersen 1990: 26/27). Such a Liberal regime typically upholds the commodity-character of labour power to a large extent, limits the scope of social rights and "erects an order of stratification that is blend of a relative equality of poverty among welfare-state recipients, market-differentiated welfare among the majorities, and a class-political dualism between the two" (Esping-Andersen 1990: 27).

Another cluster is composed of the Conservative and corporatist-statist regimes of continental Europe. De-commodification can certainly be an element of social policy in these nations. The distinguishing characteristic lies rather in the highly status differentiating nature of social policy. "This corporatism was subsumed under a state edifice perfectly ready to displace the market as a provider of welfare; hence, private insurance and occupational fringe benefits play a truly marginal role. On the other hand, the state's emphasis on upholding status differentials means that its redistributive impact is negligible" (Esping-Andersen 1990: 27) and the defense of the traditional family is one of the corner stones of social policy.

But even three worlds of welfare capitalism appears to be not specific enough. Thus, Castles has initiated a promising international research agenda, titled the 'Family of Nations' project. The leading research question is whether a contextualization of comparative public policy analysis in terms of 'family of nations' -i.e countries with shared national attributes in terms of geographical, linguistic, legal and cultural experiences- contribute to a greater understanding of patterns of contemporary public policy outcomes in Western democratic nations (Castles 1990). By looking at both welfare expenditure and benefit equality and at characteristics of the tax systems Castles and Mitchell (1990) identify a fourth type of welfare regime which is

characterized by high benefit equality and high levels of taxation, but low transfers (as a percentage of GDP). This group consists of such nations as Australia, Canada, New Zealand and the United Kingdom, in short the 'English speaking nations', as well as Finland. This fourth world of welfare capitalism is a radical world in which "(...) the welfare goals of poverty amelioration and income equality are pursued through redistributive instruments rather than by high expenditure levels" (Castles and Mitchell 1990: 16). The fourth group is basically a specification and correction of the Liberal cluster and the findings suggest that the radical cluster does seem to favour more egalitarian outcomes than the Liberal, residualist welfare states. What this all seems to add up to is the identification of qualitatively different types of welfare states on the basis of a Social Democratic counterfactual, found in the ideal type of Social Democratic welfare statism in Scandinavia and particularly Sweden.

Other critical accounts have addressed methodological issues. Thus Griffin et al. (1986; 1989) argue that the cross-sectional designs typical for the research being discussed here is "inappropriate if the questions addressed or the theories used are historical in scope" (Griffin et al. 1989: 46). Diverging results of studies can only sometimes be contributed to the use of different data-sets. The design substantially influences the outcomes, too. What has to be taken into account, particularly in cross-national perspectives on labour movements and Social Democracy, is country-specific historical dynamics. The strong point is that a connection is established between a substantial discussion and methodological and purely technical issues. The substantive conclusion nevertheless offers a partial confirmation of the Social Democratic model (Griffin et al. 1989: 61).

Recently, several studies have challenged the heart of the Social Democratic thesis. The 'state-centered' approach favours a more pronounced analytical focus on the autonomous role of state policies and state personnel in shaping welfare regimes. The central argument is that "states conceived as organizations claiming control over territories and people may formulate and pursue goals that are not simply reflective of the demands or interests of social groups, classes or society" (Skocpol 1985: 9). States are said to have 'capacities' "to implement official goals, especially over the actual or potential opposition of powerful social groups or in the face of recalcitrant socioeconomic circumstances" (Skocpol 1985: 9). In their study of cross-national variation in the

'Keynesian' response to the Great Depression Weir and Skocpol (1985) demonstrate the relevance of structural features of states and policy legacies. The historical account offered is largely traditional. Economic crisis toppled established convictions on public finance and prepared the way for a more active engagement of the state in social policy and economic management. The actual implementation of Keynesianism depended on shifts in the balance of power towards organized labour and the capacity to construct social alliances in favour of deficit spending. There is enough evidence to assume that "political parties, even those historically formed as programmatic agents for working class interests, defined their goals in the 1930s in close relationship to existing policies and capacities of the states with which they were dealing" and that "political coalitions of social groups willing to support deficit-spending programs gained leverage only through state structures and came together -or broke apart- partially in response to the sequence and effects of state policies themselves" (Weir and Skocpol 1985: 148/149).

Such a 'state-centered' focus certainly has the advantage of avoiding too strong a linear view on the dynamics of welfare state development and equality. Although studying autonomous state policies may clarify the logic of expansion of a specific welfare configuration, it has difficulties explaining the configuration itself. Such information would still be vital for understanding the autonomous logic of state policies. "The question that must be asked of state-centered explanations", Baldwin (1990: 47) rightly argues, "(...) is whether they have not abandoned the ambiguity of a larger question for the certainty of a smaller and less important one". It may very well be that ultimately "(...) larger social forces have nonetheless significantly determined the nature the legislation adopted" (Baldwin 1990: 47).

Both the study of Baldwin (1990) and De Swaan (1988) suggest that the egalitarian, solidaristic and universalist welfare statism has much less to do with working class power mobilization and Social Democratic political representation than the Social Democratic model would hold.

De Swaan's study of the collectivization of care is more an exercise in collective action theory than a study of the welfare state *per se*. The explanatory problem concerns the question why and how collective social security arrangements emerged. The answer is provided by combining two theoretical perspectives: the historical sociological method as developed by Norbert Elias and an adapted version of welfare

economics. In what De Swaan calls his sociogenetic framework a dynamic approach to dilemmas of collective action is possible. The dynamics of the collectivization of poor relief, health care and education "stem largely from the conflicts among elites over the creation of collective goods and the distribution among them" (De Swaan 1988: 3). These elites were able to produce both a collectivity and a collective good as a result of fear. The development of the welfare state is interpreted as the history of disconnecting and solving dilemmas of collective action in the context of societal problem pressure as understood by elites.

De Swaan's theory of the role of class and class conflict in the course of the collectivization of social security can be understood as rejecting the Social Democratic thesis of working class mobilization. It was the demise of the power of the petty bourgeoisie (farmers, small entrepreneurs and professionals) and the decline of private property accumulation rather than the growing power of the working class which explain the emergence of collective social security. This development was "much more than a history of class struggle between proletariat and bourgeoisie, the development of social security is the result of a conflict between the petty bourgeoisie on the one hand, and varying coalitions of organized workers, large-scale employers and an activist, reformist regime of politicians and administrators in power. In this sense, social security is the result of a 'class struggle', but one with reversed alliances" (De Swaan 1988: 169). The main drawback of De Swaan's study concerns the absence of an analysis of the Scandinavian countries, that is those universalist welfare state that have actually been built on a coalition of petty bourgeois forces (the farmers in particular) and the working class (Esping-Andersen 1985a) and include demands of the middle class (Goodin and Le Grand 1987).

Baldwin's historical sociological study of the social origins of the European welfare state turns the Social Democratic account on its head. On the basis of a thorough analysis of historical sources he argues that the solidaristic, universalist and egalitarian welfare states originated in bourgeois rather than in working class power. His contribution to the debate is innovative for two reasons. First, he shows that while growing equality may be a characteristic of modern welfare states, it has not been its goal. The welfare state is more about reapportioning risks than about the redistribution of wealth. Equality refers to risk redistribution. Second, the theory of risk and

distribution allows for a rejection of what Baldwin calls the social interpretation or laborist account of the development of the welfare state.

The main problem with the laborist approach has been its narrow focus on the working class as the only risk category. The critical insight is that class may, but rarely does, coincide with a risk category. The laborist view mistakenly assumes that welfare policies are explained in term of a victory of the working class over the bourgeoisie. Certain risks, of course, have tended to coincide with class. Occupational injuries and unemployment come with the position of an industrial worker. It is this coincidence that has founded the laborist interpretation. More often, however, risk categories cut through the cleavage of class, a fact that establishes the possibility of varying risk coalitions. The welfare state is a pooling of risk rather than resources (Baldwin 1990: 19). The crucial claim is that what historically has determined the solidarity of social policy was not working class strength, but, on the contrary, the fact that "otherwise privileged groups discovered that they shared a common interest in reallocating risk with the disadvantaged" (Baldwin 1990: 292).

The Problem of Catholicism and Christian Democracy

Paradoxically enough, it was out of the debate on the Social Democratic model that the first attempts evolved to question the relative role of Christian Democracy (or Catholicism) in shaping welfare state regimes. The main background for this was that time and again inexplicable exceptions to the 'rule' of Social Democratic working class strength were found in the empirical analyses and that these exceptions invariably concerned countries like Belgium, the Netherlands and sometimes Germany or even Italy. Additional explanations had to be sought and were often found by hypothesizing the influence of a variable representing 'Catholicism'.

Castles (1978) already showed that a strong Social Democratic theory of welfare state development could not be maintained, because, for instance, the Netherlands was found to score as high as the Scandinavian countries in terms of social spending. The answer to the problem of the Dutch and other exceptional cases was that "it suggests that the dominance of a Democratic Socialist party is not a necessary condition for such a welfare development" Castles 1978: 74). The explanation of the anomalies in terms

of the relative weakness of the political Right, however, was not entirely convincing for the simple reason that Christian Democracy was dealt with in an ambiguous and inconsistent manner. In the case of the Netherlands the Confessional parties were not taken as belonging to the Right (hence the extremely low figure for the strength of the Right found in this country), whereas in Germany the Christian Democrats or in Austria the People's Party were said to constitute the political Right, thus disregarding the political dimensions within these Christian Democratic political movements.

In his essay on the development of the welfare states in Australia and New Zealand Castles (1985) again took up this theme of 'anomalous' cases. The relationship between the working-class and welfare state development was problematized and the important observation was made that working-class mobilization does not necessarily lead to Social Democratic power and from there to welfare statism. The social systems of Australia and New Zealand -in contrast to the residualist type of welfare state in the United States- are wage-earners' welfare states. The difference between the two models lies in "a strategy of creating a national minimum and (...) by the fact that the criterion of inclusion was status as a wage-earner, rather than status as a citizen" (Castles 1985: 103). The conclusion is that "the labour movement's economic logic of egalitarian redistribution and the humanitarian urge to devote restricted resources to those most in need were outweighed by the electoral logic that limited welfare expenditure in general and restrained the generosity of benefits in general" (Castles 1985: 102).

Recently Castles and Mitchell (1990: 19) have offered the plausible proposition that in nations in which the main political cleavage is between Catholicism and Social Democracy "electoral competition between the people's parties representing these diverse strands of social thought has involved competitive pressure for greater expenditure, but the Catholic input has prevented any substantial equalizing thrust". On my account, the main insight is that equating the strength of organized labour power with Social Democratic power is a mistake and is roughly the explanation for the existence of 'exceptional' cases.

The assumption of the Social Democratic model is of course prominent in those studies that understand the reform potential of the welfare state fundamentally as facilitating the transition from capitalism to Socialism (Korpi 1978; 1983; Stephens 1979a).

Working-class organization is the means by which capitalism can be transcended and Socialism established. Both democracy and the welfare state are fundamental structural changes of capitalist society largely brought about by working-class organizational strength (Stephens 1979a: 89). The experience with the welfare state is taken as evidence for the possibility of a parliamentary road to Socialism.

The crucial tenet is that the welfare state has improved the conditions of the working-class. The political economies of advanced capitalist democracies vary considerably due to the variance in the strength of organized labour. The main assumption, again, is that the natural way for the working-class to gain power is through organizations with a Social Democratic project. The question, whether this was historically the case is not posed.

This explains Stephen's (1979) problematic finding that in some nations high levels of social spending are found in the absence of a strong Social Democratic labour movement. The proposed solution for inexplicable exceptions involved an attempt to scrutinize the influence of the number of Catholics in a country on the level of welfare spending. The reason for including such a variable was that "it seemed possible that anti-capitalist aspects of Catholic ideology -such as notions of fair wage or prohibitions of usury- as well as the generally positive attitude of the Catholic church towards welfare for the poor might encourage government welfare spending" (Stephens 1979a: 100). As a result, the basic assumption of labour power equals Social Democratic power had to be relaxed, because "when the Catholics are a centre party and *have a substantial base in the organized working class, particularly when they have a strong trade union central of their own*, then welfare state development will be encouraged by Catholic social and political forces." (Stephens 1979a: 100, my emphasis)[8]. Apparently, working class mobilization in other than Social Democratic forms poses formidable theoretical obstacles within the Social Democratic framework. Exceptions are therefore more likely to result from theoretical anomalies than from empirical eccentricity.

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8) Catholicism can express its political strength also in another way, as for instance in the United States, "where most Catholics are working class and where the trade unions are heavily Catholic". As a result "the church has often been a major active supporter of the expansion of the welfare state" (Stephens 1979a: 101).

The existence of centre parties tends to violate the pure Social Democratic model, for "in some European nations (the Netherlands, for example), we find Catholic Confessional parties with strong organizational and political links with the working class which have backed quasi-Social Democratic welfare developments, although without the Social Democrats' enthusiasm for the interventionist state as an end in itself" (Shalev 1983a: 327). From the very use of words one can deduct that Confessional parties are assumed to have no social policy program of their own. Theirs is a dependent quasi-Social Democratic policy performance. The proposition then has to become that "certain Catholic parties especially behave to some extent as *functional equivalents* to the Socialists" (Shalev 1983a: 337, my emphasis).

The question, however, is whether a theory of functional equivalence or, for that matter, functional equifinality, offers a sufficient reflection upon the possible independent influence of Catholicism or Christian Democracy on the welfare state. Partly the incapacity to deal with the association in a theoretically convincing way has to do with the unsatisfactory conceptualization of the welfare state in terms of social spending. Being functionally equivalent, then, simply means that other (Catholic, Confessional, Christian Democratic) parties spend at least as much as Social Democratic parties in government (see also Schmidt 1982; 1985; 1988). This is not to deny that these movements may actually be functionally equivalent as to social spending, but that such an argument is not sufficient for understanding Christian Democratic idiosyncracy. The "paradigmatically Dutch problem of high spending without Social Democratic dominance" (Shalev 1983a: 338) may have provoked a number of alternative explanations and the causal connection among these factors and their theoretical status may have remained obscure, but exceptionalism as such is only a problem within the framework of the 'paradigmatic' Social Democratic model, partly arising out of the preoccupation with spending, partly as a result of equating labour power with Social Democracy.

It is doubtful whether an operationalization in terms of social spending could clarify what is distinctive about welfare states in an unambiguous manner. In fact, the spotlight on spending -although as such not irrelevant- conceals pertinent qualitative differences both in structure and in outcome. The operationalizations of the dependent variable in terms of levels of spending "obscure the presence of distinctly different

welfare-state regimes" (Esping-Andersen 1985b: 225). In other words, it does not provide any information about "the specific institutional arrangements adopted by societies in the pursuit of work and welfare" (Esping-Andersen 1987: 6)[9].

The preoccupation with spending has led to a misspecification of the political impact of Christian Democracy. I do not think that much is gained when one only holds that -under conditions of economic prosperity- Catholic political forces are functional equivalents to Social Democracy in terms of social spending. Or that Catholicism explains social spending even better than Social Democracy (Wilensky 1981). Spending may be a useful starting point, but it is not the relevant only issue. What in addition should be looked at is the extent to which Christian Democracy determines the quality of the institutional arrangement between market, state and family, and not just the differences in the quantity of social spending.

Beyond the 'Black Box' of Spending

The entire debate on the welfare state actually lacks a genuine interest in the welfare state itself (Esping-Andersen 1990). Studies have been preoccupied with other problems, like industrialization, power, or the contradictions of capitalism. Esping-Andersen's (1990) general verdict on the literature is that "most of these studies claim to explain the welfare state. Yet their focus on spending is misleading. Expenditures are epiphenomenal to the theoretical substance of welfare states" (Esping-Andersen 1990: 19). Welfare states should be analyzed in terms of the quality of social rights, their patterns of stratification and the way in which state, market and the family are interrelated. There does not exist any causal linearity between societal power and welfare statism. Welfare states cluster along qualitative and political dimensions.

Let me then turn to Esping-Andersen's (1985b; 1990) theory of distributional regimes and pay special attention to his treatment of the Conservative and corporatist-statist regimes of continental Europe. My argument will be that the political explanation of Conservative regime is not entirely convincing. Not all variables involved in the

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9) It is largely for this reason that the study by Hage et al. (1989) is unsatisfactory. A 'contingency' theory of the state is proposed under the assumption that many of the theoretical accounts of the emergence and growth of the welfare state have their own value for specific countries and particular periods. However, the focus on spending invalidates such progress.

analysis of the Conservative corporatist-etatist cluster appear to have been accurately chosen. The interpretation of the role of the state, for instance, in countries where Christian Democracy has been the dominant political force is ambiguous. It seems that the description is too much tailored to the German case and its tradition of monarchical Socialism.

The underlying criticism, however, pertains to what I have identified as the unreasoned presupposition of equating labour power and Social Democracy. Esping-Andersen makes the observation that dominant theories of working-class mobilization fail to explain the origins of social policy, because they are "essentially premised on the laborist, Socialist, or Social Democratic model of collective action, a model that was far from being dominant until well into the twentieth century" (Esping-Andersen 1990: 109). The point is important and suggests that class reductionism is explicitly avoided since one "cannot assume that Socialism is the natural basis for wage-earner mobilization" (Esping-Andersen 1990: 17). However, the analysis of class and labour mobilization still appears to suffer from the assumption of the Social Democratic model. It seems impossible to imagine any other form of labour power mobilization than one which stresses de-commodification, equality and solidarity, that is, the typical Social Democratic values. Apparently, the Liberal and Conservative clusters of welfare states are largely defined by emphasizing the elements in which they differ from the Social Democratic agglomeration. Therefore, the assumption of the welfare state as basically being the fruition of Social Democratic power mobilization is largely intact.

It is only in the context of this presumption that the thesis of wage-earner mass movements converging around the Social Democratic model makes sense. In the course of the analyses, wage-earners parties are equated with Leftist parties. And only in this way would it be possible to defend the thesis that the development of the welfare state is basically the "Social Democratization of the welfare state" (Esping-Andersen 1990: 110). And if Social Democratization means "the capacity to substitute for the characteristics dominant in either a Liberal or Conservative regime, a comprehensive, universalistic, 'de-commodifying', full employment welfare state" (Esping-Andersen 1990: 110), the other regimes and their political determinants can never assume a theoretical status comparable to and at the same level of the Social Democratic model.

In earlier analyses of distributional regimes the argument was that the welfare state is the result of working-class demands that "logically flow from the position in which wage earners find themselves; it is (...) the most likely outcome where wage-earners are given a collective, political expression" (Esping-Andersen 1985b: 227). And "as individuals and collectivities, wage earners will logically strive to de-commodify their status" (Esping-Andersen 1985b: 228). The political stance that is inherent in the position of wage-earners and which therefore appears as the 'logical' consequence of power mobilization is the Social Democratic welfare state. "Social policy (...) becomes an arena for the accumulation of working-class power resources; the overriding principle is to substitute market exchange with social distribution and property rights with social rights. The 'Social Democratization' of capitalism implies that social policy involves a four-pronged agenda: the de-commodification of society along solidaristic principles; redistributive corrections of market-induced inequalities; and, above all, the institutionalization of sustained full employment" (Esping-Andersen 1985b: 228).

The theory of the Social Democratization of capitalism ultimately leads to a return to a certain version of class reductionism and therefore to a misinterpretation of the political determination of the advanced welfare states in countries where Social Democracy was not the dominant political actor. The only political variable relevant in the explanation of distributional regimes is the strength of the labour movement and its political representative. But in this theory the labour movement can only be the Social Democratic labour movement and the political representative of the wage-earners can only be the Social Democratic party. This is why it is argued that "the capacity of labour movements to substitute 'Social Democracy' for either Liberalism or Conservatism is obviously related to their historical position of power" (Esping-Andersen 1985b: 233).

The main criticism, then, is that it is not an accident that a strong association between working-class power mobilization and the Social Democratization of capitalism is found if one assumes that working-class mobilization equals Social Democratic power mobilization. As a consequence of this the political determinants of the non-Social Democratic welfare regimes cannot be grasped adequately. This becomes especially clear when the analysis suggests that the Conservative nations form a semi-

Social-Democratic cluster. Such a finding is typically conceptualized as an 'impurity'. In countries like Austria, Germany, Belgium and the Netherlands "the labour movements' mobilization strategies have been frustrated by the social Christian mass parties' capacity to attract large sections of the wage earners on denominational grounds" (Esping-Andersen 1985b: 243). The problem lies in the theoretical inability to conceptualize Confessional mass parties in any other way than as "solid and unified bourgeois coalitions", albeit with substantial support from wage earners. Such a configuration of political power, then, may have "served to limit the terrain for labour parties to mobilize and to block their capacity to build stable governing alliances", and it may also have "ensured that postwar social-policy expansion occurred within pre-existing Conservative institutional parameters" (Esping-Andersen 1985b: 224), it does not clarify what Confessional mass parties -sometimes in coalition with a Social Democratic party- have actually produced.

It is this fundamental assumption of the basically Social Democratic essence of the position of wage-labour in capitalist societies which makes it so difficult to consider in a theoretically convincing way the relative and independent role of Christian Democracy. Confessional parties, for instance, can only take the role of 'filtering' labour demands, which would otherwise be Social Democratic in nature. And what about the countries where Christian Democracy has been the dominant force? "In countries like the Netherlands, Italy, Germany, and Belgium, the Christian Democratic parties of the postwar era gained prominence in part because of their electoral success among workers; being capable of long-term governance, they have also been decisive in the interpretation of labour's social-policy needs" (Esping-Andersen 1990: 111). In other words, labour has autonomous social-policy needs which would normally lead to Social Democratic power mobilization concentrating around the goals of solidarity, equality and universalism, unless these demands are 'filtered' and 'interpreted' (and implicitly assumed to be 'distorted') by other movements, notably Christian Democracy.

Needed is a complete cancellation of the untenable assumption. The fact that in Western Europe the dominant pattern of the political mobilization of wage earners led to the formation of Social Democratic or Socialist movements cannot be taken to constitute the normal course of working-class mobilization. This historical regularity

of Social Democratic mobilization is not a standard from which for example Christian Democratic political forces of wage labour would be a 'deviation'. A Socialist or Social Democratic labour movement is not *a priori* to be valued higher than its Christian Democratic counterparts in its reformist capacities (Van Kersbergen and Becker 1988). One needs to allow for the possibility of conceptualizing the power of wage earners in other forms than the Social Democratic mobilization. Perhaps one should think of a possible Christian rather than Social Democratization of capitalism. This is why it is crucial to understand Christian Democracy as fundamentally organizing the very conflict between wage-labour and capital within the movement itself. Christian Democracy structures the politics of the antagonism in a fundamentally different manner.

To a certain extent the inability to make sense of the Christian Democratization of capitalism is therefore an effect of the black box of Christian Democracy itself. If one looks in some more detail at Esping-Andersen's more recent description of the Conservative and corporatist-statist regimes of continental Europe (Austria, France, Germany, and Italy), that is, at the regimes where religion is hypothesized to have played an influential role, a few interesting things can be noted. First of all, the Social Democratic bias appears much less dominant. De-commodification is now conceptualized as an element of social policy in these nations, too. The distinguishing characteristic is the highly status differentiating nature of social policy. The traditional (nuclear) family is the focus of social policy. "Social insurance typically excludes non-working wives, and family benefits encourage motherhood. Day care, and similar family services, are conspicuously underdeveloped; the principle of 'subsidiarity' serves to emphasize that the state will only interfere when the family's capacity to service its members is exhausted" (Esping-Andersen 1990: 27). Nevertheless, a second observation could be that the very word 'underdevelop' can only make sense when one thinks of the Social Democratic welfare state as the 'developed' version.

On Esping-Andersen's (1990: 38) account, Conservatism rejected the commodity form of wage labour as "morally degrading, socially corrupting, atomizing, and anomic. Individuals are not meant to compete or struggle, but to subordinate self-interest to recognized authority and prevailing institutions". Conservatism provided three strategies to address the commodification of labour. The first was feudal

paternalism where certain obligations to provide welfare come with the agreement to work for a money-wage. The second strategy concerned the model of the corporate societies. The tradition of etatism was a third Conservative strategy to deal with commodification and is best illustrated by the idea of 'monarchical Socialism', that is "an absolutist model of paternal-authoritarian obligation for the welfare of its subjects" (Esping-Andersen 1990: 40).

The main objection to this analysis, although a major advance in comparison with the traditional Social Democratic model, follows from the considerations in the first part of this dissertation. The notion 'Conservative' appears to be used in too indiscriminate a manner. Conservatism may mean corporatism, Roman Catholic social theory, Fascism, etatism, and feudalism. On my account, the latter three would not be part of Christian Democratic policies, but -as I will argue in part three- constitute historical and structural conditions under which social capitalism took shape in Germany, Italy and the Netherlands. This can be elucidated by the theory of the stratification-effects of social policy. The argument here is that the varieties of Conservatism unite in their "loathing of the combined social leveling and class antagonisms brought about by capitalism. Be it in favour of strict hierarchy, corporatism, or of familialism, the unifying theme is that traditional status relations must be retained for the sake of social integration" (Esping-Andersen 1990: 58). This is certainly true in the case of etatist paternalism of the Bismarckian kind, but it is not Christian Democracy's preference. In Germany, for instance, the Union parties inherited the social policy legacy of this nation and have adopted it on their own conditions (see Chapter 9).

Concluding Remarks

From the theories of industrialization and modernization one can learn the possible relevance of economic development and demography in the account of welfare state development. These factors, I would argue, would especially be critical when looking at social spending, either as independent variables or as 'controls'. It seems theoretically less clear, however, how enabling properties and 'needs' of societies can

be expected to have an autonomous influence on the qualitative characteristics of welfare regimes and account for subtle cross-national variation.

Social spending as an operationalization of the welfare state is for the discussed reasons not entirely satisfactory. Nevertheless, it makes sense to look at spending as a way of analyzing the possible functional equivalence of Social Democracy and Christian Democracy and of testing hypotheses on competition or interaction between the two as suggested by Castles and Mitchell (1990). Spending, however, can only be the starting point of the analysis, for possible functional equifinality cannot clarify social capitalist distinctiveness. In this respect, the theory of distributional regimes and the emphasis on the "the specific institutional arrangements adopted by societies in the pursuit of work and welfare" (Esping-Andersen 1987: 6) makes more sense.

CHAPTER 7

SOCIAL CAPITALISM AS A WELFARE STATE REGIME

This chapter is devoted to the empirical analysis of the social capitalist welfare state regime[1]. The regime is appraised by highlighting -in cross-national perspective- those elements theoretically and historically identified as its cardinal traits. The leading question concerns the extent to which these properties of the regime can be attributed to the power of Christian Democracy. I should stress -perhaps superfluously- that the purpose of this chapter is not to explain welfare state development as such. My sole concern is with a particular type of welfare state, social capitalism, and its political determinant, Christian Democracy. Consequently, the operationalizations of the dependent variable are meant to serve one purpose: to identify the existence of a social capitalist welfare state regime and to test hypotheses about the relationship between the central aspects of social capitalism and Christian Democracy. All hypotheses are derived from the central thesis of this dissertation, that Christian Democracy fosters a distinctive welfare state regime.

Regression analysis is used for the testing of the hypotheses and rank-orders of nations are presented to illustrate the position of welfare regimes according to various indicators. The design for the regression is cross-sectional. For every equation or model I report second order tests for the violations of the regression assumptions. The results of the tests and of the analysis of the residuals are -if worth discussing- evaluated in the main text and always extensively reported in footnotes. The year 1960 (approximately) is the most satisfactory date for the analysis. The main reason is that it was in the first decades after the Second World war that the foundational decisions were taken considering the institutional arrangements of economy, state and society.

Once in position, institutional arrangements tend to become inert in the sense that they are not very likely to change very rapidly due to conjunctural political incidents. The continuous debates on the need for institutional reforms in many a nation and their leitmotif 'simplification' may illustrate the point. It is quite probable that certain qualitative characteristics remain similar over time. Nevertheless, it is also quite likely that systems expand rather than change under the influence of prolonged economic prosperity. Expansion may assume an autonomous logic. Economic growth enables the

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1) I would like to thank Harald Sonnberger for his help with the technical details of the econometric procedures and for making me aware of the considerable errors in earlier drafts of this chapter. The remaining mistakes are of course my responsibility.

extension of social rights to previously excluded groups. The complicating factor is, that quantitative change at a certain stage may turn into a qualitative change. Increasing inclusion may turn a former selective scheme into a universal one. Both convergence and continuing, albeit decreasing, divergence of welfare states belong to the theoretical possibilities. In order to glance at these phenomena a date around 1980 serves as a point of reference, too[2]. A further expectation is that different types of welfare states perform in dissimilar ways under economic stress. In this context, one would be able to study the possible effects of certain properties of social capitalism (passivity, transfer-bias, labour market participation) under conditions of increasing demand on the state.

A Specification of Hypotheses

In chapter 5 I presented a recapitulation of the model of social capitalism in five propositions, concerning the conditional recognition of capitalism (1); the scope and limits of state intervention (2); the specific theory of class (3) and inequality (4); and the idea of the just wage and the role of the family in economy and social policy (5). Here I present a reformulation of these propositions as hypotheses for the empirical analysis.

I. Anti-capitalism and social Reform: De-commodification

One of the key characteristics of capitalism is the commodity-form of labour power. Anti-capitalism -or better- the conditional acceptance of the capitalist production system and the implied readiness to reform leads one to expect that de-commodification is not an exclusive Social Democratic asset.

Hypothesis I.1: With respect to de-commodification one will find no or hardly any significant difference between nations ruled by Social Democracy and those dominated by Christian Democracy, but a marked difference between these nations on the one

2) The issue of convergence versus divergence, however, goes beyond the topic of this study.

hand, and the residualist welfare states on the other hand. Social Democracy and Christian Democracy are functionally equivalent as to de-commodification.

Hypothesis I.2: However, founded on the idea that Christian Democracy tends to attach social rights to the family rather than to the individual, the de-commodification of families will be more pronounced in social capitalist regimes than in any other type of welfare state.

II. The Role of the State in the Configuration of State, Market and Family: Subsidiarity and its Expected Consequences

The peculiar role accorded to the state is perhaps the fundamental distinctive feature of social capitalism and is designated by the theory of subsidiarity. State intervention is driven and demarcated by the conviction that -rather than acting as an institution on its own right- the state should create and enhance the conditions under which lower social bodies, the family in particular, are best able to perform their natural functions. The state assists so that the lower organs can help themselves.

Hypothesis II.1.a: Social capitalist welfare regimes tend to rely on cash-benefits in their social security schemes.

Hypothesis II.1.b: Social capitalist welfare regimes are passive welfare states with respect to labour market policy, in the sense that they devote more resources to passive measures of labour market policy (income maintenance, early retirement) than to active measures (training, employment services). This characteristic is particularly clear under conditions of declining economic prosperity.

Hypothesis II.2: Different types of configurations of market, state and family create different types of employment patterns. In particular, one would expect labour market participation rates (both of men and women, but of women in particular) to be comparatively low in those nations that are characterized by transfer-bias and passivity (see also hypotheses IV.4 and IV.5)

Hypothesis II.3: The administration of the main welfare institutions is expected to be controlled by private or semi-public organizations, supervised and subsidized by the state. Ideally one would anticipate a bi- or tripartite structure in the control of the main social security schemes.

Hypothesis II.4: The counterpart or complement of hypothesis II.3 concerning self-government is the presumption of self-responsibility: the major schemes ought to be financed by the categories involved themselves. More particularly, one would expect the social capitalist welfare regime to be insurance-biased with little or low state participation in the financing of the major social schemes. The bulk of the social security burden ought to be carried by the employers and the insured. The state only functions as a transfer-institution (Hypothesis II.1.a).

III. Class and the Reproduction of Natural Inequality

The organic whole of society consisting of functionally differentiated members is conceived of as a natural order. By implication members of society are not equal, yet equally important for the societal body as a whole. Changing the societal order can only mean a violation of the natural order. Social justice, however, demands that each and every class gets what is its due. Redistribution of societal wealth is precisely limited by this formula. The differences between classes as well as conflicts of interests, however, should not lead to a class-war. The recognition and reproduction of difference is a precondition for the survival of the organism of society. The political pertinence of class, therefore, needs to be diluted, while class needs to be nourished.

Hypothesis III.1: Social policy in social capitalist nations tends to reproduce rather than overcome class and status differences. Benefits tend to be earnings-or status-related, so that they preserve rather than supersede social difference.

Hypothesis III.2: Social capitalist welfare regimes tend to be fragmented in a variety of separate schemes for a variety of occupational or status groups.

Hypothesis III.3: Social policy is a means to establish cross-class support. Issues and societal risks not directly related to (the politics of) class, such as old age, can be expected to be high on the Christian Democratic political agenda.

IV. Family and the Position of Women

The theory of the just wage prescribes a money-income for a male worker which is sufficient to provide for his family. The man is the head of the family and the family is the cornerstone of society; it is the first institution to provide care. The role of a woman is to care for her husband and her children and possibly for other members of the (extended) family. She is not to be forced onto the labour market, for this would inhibit her natural function. A woman's labour ought to stay un-commodified (hypothesis I.2). The state as a higher institution within the body of society is responsible for assisting families in case of need.

Hypothesis IV.1: Income replacement benefits tend to be high under the assumption that they are to replace a family wage rather than an individual wage. As an unintended effect social capitalist welfare states tend to be as generous as the Social Democratic regime.

Hypothesis IV.2: Social security schemes in the social capitalist welfare regime tend to be family-biased in that the difference in net replacement of income between a family and an unmarried individual is generally greater under this regime than in other welfare state regime.

Hypothesis IV.3: The difference between after tax wages for families and those for unmarried individuals in social capitalist nations is greater than elsewhere, due to the tax-system which privileges the family.

Hypothesis IV.4: The tax-benefit system of social capitalist nations tends to disfavour the active participation in gainful employment of married women, especially married women with children.

Hypothesis IV.5: Female labour participation rates will be substantially lower in social capitalist nations than anywhere else.

The Issue of De-commodification 1: Spending, 'Need' and Political Intermediation

What is de-commodification? As a concept it addresses the commodity-form of labour power under capitalist market conditions. "The sovereignty of the market is in general a function of the degree to which workers behave as commodities" (Esping-Andersen 1985: 31). Commodification and de-commodification are "opposite ends of a continuum. Living standards distributed independently of market criteria are de-commodified. Living standards distributed according to wage-earner's performance in the marketplace are commodified (...)" (Western 1989: 202). In other words, de-commodification refers to "the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation" (Esping-Andersen 1990: 37).

De-commodification understood as the relative market-independence of labour power in capitalist societies as a result of the introduction of a non-market logic -as shown in chapter 6- is commonly viewed as an exclusively Social Democratic social policy goal. A high level of de-commodification is then invariably contributed to Social Democratic power mobilization, because it is seen as a principal precondition for Social Democratic power mobilization as such (Esping-Andersen 1985a; Western 1989). The usual model holds that de-commodification is a linear function of Social Democratic party strength, trade union power, while controlling for socioeconomic conditions and demographic pressures.

Western operationalized the dependent variable 'de-commodification' as a means to capture "level and coverage of consumption derived from non-market sources in relation to wage-based consumption" (Western 1989: 208). It is quite interesting to note that among the top 5 de-commodified nations Western reports, Belgium takes the first place, followed by Sweden (2), the Netherlands (3), Germany (4) and France (5). Given this ranking of nations, one would have to problematize the anticipated

importance of Social Democratic Party incumbency, given the presence of the social capitalist countries in the top 5[3)].

De-commodification may not be an exclusive property of Social Democratic politics. There may, however, exist various forms of de-commodification, one -the Social Democratic one- which attaches social rights to individuals as citizens and another -the Christian Democratic one- which ties social rights to other social units, particularly the family. The intent may not be identical, but the effect might very well be similar. This could give rise to the functional equivalence of Social Democracy and Christian Democracy. The thesis is that both Christian Democracy and Social Democracy might be equally de-commodifying forces (hypothesis I.1), although they might differ in that they do not de-commodify analogous units (hypothesis I.2). In other words, even if one finds the social capitalist nations among the top most de-commodified welfare states together with the Social Democratic nations, it does not necessarily imply that the quality of de-commodification is similar.

How to measure de-commodification? First of all, it makes sense to look at expenditure. For although solely referring to social spending as a way of portraying attributes of welfare states may be misleading, it will certainly not be wholly uninformative either. Social expenditures tend to be determined by a variety of demographic, economic and political factors and may mean different things. At the same time, however, the granting of social rights (and therefore the extent of de-commodification) will in one way or another be mirrored in social spending since rightfully claimed social rights necessarily lead to higher spending (Korpi 1989: 314).

The most frequently used measure of welfare state development and of the level of political rather than economic distribution concerns the social security expenditure of a nation. Table 1 gives the rank-order of countries in 1960 according to this indicator. It is immediately clear that the nations scoring highest in 1960 are those where Christian Democracy, but also Social Democracy are considerably strong political actors. Austria, Germany and Belgium, in fact, all score one standard deviation above average.

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3) Esping-Andersen's (1990: 52) index of de-commodification shows a slightly different rank-order of nations. However, France, Germany, Austria, Belgium, and the Netherlands all score above average on his scale.

Table 1. Expenditure of Social Security Schemes as Percentage of GDP, 1960 (rank-order)

1. Austria	15.4	10. United Kingdom	10.8
2. Germany	15.4	11. Norway	9.4
3. Belgium	13.3	12. Ireland	9.3
4. France	13.2	13. Canada	9.2
5. Italy	11.7	14. Finland	8.8
6. New Zealand	11.5	15. Australia	7.7
7. Netherlands	11.1	16. Switzerland	7.5
8. Denmark	11.1	17. United States	6.8
9. Sweden	10.9	18. Japan	4.9
Average	10.4		
St. Dev.	2.8		

Source ILO, The Cost of Social Security, various years.

All of the nations assumed to exhibit features of social capitalism at this time (Austria, Germany, Belgium, Italy, the Netherlands, and to a certain extent, France as well) score above average, as do Denmark, Sweden and the United Kingdom. What does this mean? First of all, *prima vista* it denotes that the traditional explanation of Social Democratic power mobilization cannot convince. At the same time, however, the only country with a strong Christian Democratic movement, but without a high level of social spending, is Switzerland, scoring one standard deviation below average.

These findings could be taken to suggest that Christian Democracy and Social Democracy were indeed functional equivalents in 1960 as far as spending is concerned. But perhaps we might actually observe a spurious relationship, because other variables such as age structure, unemployment rates or the wealth of a nation, would explain the observed levels of spending. The theoretically most satisfactory explanation, however, would be that -given other important factors such as an ageing population, economic wealth, and the level of unemployment and in addition to the functional equivalence of Christian Democracy and Social Democracy- social expenditure is particularly boosted under conditions of competition or interaction between Christian Democracy and Social Democracy (Castles and Mitchell 1990).

Recent research suggests that the demographic structure of a nation's population tends to be the strongest predictor of social spending *per se* (Pampel and Williamson

1989). Older people simply need more care. However, it is not at all clear that they get the care they need because they need it. The question *how* such a need is translated into an effective social right *before* these programs were inaugurated or at a time that these schemes hardly had had the time to 'mature' is left unanswered. In other words, the problem of the mechanisms actually fulfilling the need is posed. It is hard to image how 'need' as such can explain its own fulfillment. The argument is that it is politics that has to intermediate between need and fulfillment, between societal pressure and social solution. It can be expected, then, that the demographic structure of a society is related to social expenditure (being the first measure of de-commodification), mainly in combination with political determinants, in particular the competition or interaction between Social Democracy and Christian Democracy.

Table 2 summarizes the estimation of a starting model[4] (column 2, model I) which states that Social Security Expenditure in 1960 (SSE60, as a percentage of Gross Domestic Product) is a linear function of Gross Domestic Product per Capita in 1960 (GDPCAP60, at current prices and current exchange rates, in US dollars[5]), the Unemployment Rate in 1960 (UERATE60, proportion of labour force unemployed), the Proportion Aged in a nation (AGE60, number of people 65 or older as a proportion of total population), Union Density in 1960 (UNION60, number of union members as a proportion of total labour force) and a variable SDCD60, measuring the strength of the Left (LPS60, Left parliamentary seats as a proportion of total parliamentary seats, average 1945-1960), the strength of Christian Democracy (CPS60, parliamentary seats of Christian Democratic as a proportion of total parliamentary seats, average 1945-

4) This model and all other regression models reported in this chapter were tested for violation of the regression assumptions, using the Interactive Simulation System (IAS), developed at the Institute for Advanced Studies, Vienna, Austria (see Institute for Advanced Studies, 1990), which also contains an explanation of the mathematical properties of the tests. Tests for heteroskedasticity included the Goldfield-Quandt Test and the White Test; for normality the Jarque-Bera Test; for functional form a Regression Specification Error Test (reset); for structural change a mean shift outlier model Test as well as residual sensitivity analysis for influential data. All variables in each estimation reported in this chapter, except in the equation reported in table 18, are standardized.

5) Unfortunately, data on GDP per capita at current prices and US dollars using the Purchasing Power Parities were not available for 1960.

1960[6]) plus the 'competition' or interaction between the two, 1945-1960 (SDCD60: {[LPS60 + CPS60] /2} +[LPS60 * CPS60])[7]. I also estimated various models with other (combinations of) the political variables, including for instance 1) only LPS60, which -in combination with the control variables- rendered insignificant results, 2) only CPS60, which was significant, and 3) an interaction between CPS60 and LPS60. The latter two did not perform as efficiently as SDCD60.

Table 2. Ordinary Least Squares Regression, Dependent Variable = Social Security Expenditure, 1960

	Variable Name	I Estimated Coefficient (Beta)		II Estimated Coefficient (Beta)
1	GDPCAP60	00.08200		---
2	UERATE60	-0.05426		---
3	AGE60	00.40195*	1	00.43236**
4	UNION60	00.01305		---
5	SDCD60	00.61566**	2	00.56944**
	R^2 (Adj.)	.646		.686

F-tests:

Model 1: H_0: B1=B2=B4=0; F: 00.107; PR: 95.45%

H_0: B3=B5=0; F: 15.513; PR: 00.04%

Model 2: H_0 B1=B2=0; F: 20.831; PR: 00.00%

(* : significant at 0.1 -level; ** : significant at 0.05 -level; ***: significant at 0.01 -level; F = F-statistic; PR = probability value)

6) I have decided to take parliamentary shares rather than weighted cabinet shares in order to introduce somewhat more variance for the Christian Democracy variable. Cabinet shares are of course theoretically more satisfactory. On the other hand, the zero-order correlation between LPS60 and weighted cabinet shares of left parties (LWCS60) is .73 and between CPS60 and Christian Democratic weighted cabinet shares (CWCS60) even .92. Estimation with the cabinet shares variables gave roughly comparable results and did not change the conclusions.

7) See appendix 1 for summary statistics of the variables used in the equations and the sources of the data.

The finding is that in the start equation the demographic and the political variable are statistically significant (Model I). The second model (column 3, model II), after dropping the insignificant variables, is clearly superior to and more parsimonious than the first model. In addition, the proposed hypothesis on the relevance of politics (in this case the functional equivalence of Social Democracy and Christian Democracy as well as the interaction between the two) in combination with demography cannot be rejected and seems plausible. Further second order testing of model II showed that there appeared to be no signs of problems with the main regression assumptions[8]. The analysis of the (externally studentized) residuals, however, suggested -as could be expected- Switzerland to be an outlier. An outlier test, however, although indeed showing Switzerland as having the highest value, did not lead to a rejection of the null-hypothesis. Looking somewhat closer at the residuals of nations of current interest revealed that Germany had an unexpectedly high residual (1.38), Italy a negative residual (-.255), whereas the Netherlands performed as expected (-.01). This suggest that there is still variation within these nations of the social capitalist group. The overall conclusion, however, is that it is plausible to assume that in terms of social spending both Christian Democracy and Social Democracy might be equally de-commodifying forces (hypothesis I.1), while -given a certain degree of demographic pressure- the 'competition' or interaction between the two particularly boosts spending. The results of the analysis suggest, furthermore, that rather than accepting a functional explanation for social spending, a politically more sensitive account seems quite feasible.

De-commodification 2: Pensions

Pensions "constitute a central link between work and leisure, between earned income and redistribution, between individualism and solidarity, between the cash nexus and social rights" (Esping-Andersen 1990: 80) and in this sense can be seen as an important component of de-commodification. After the Second World War two types of state

8) Jarque-Bera test : 0.217 (Chi^2, 2 df), Pr : 89.7%; White's test : 6.131 (Chi^2, df 4), Pr : 18.96%; Goldfield-Quandt : 2.290 (F 7,7), Pr : 14.83; Outlier-test : 2.336, critical value: 3.62 (5%), 4.48 (1%). In addition, none of the various specifications of tests for functional form indicated problems.

pensions emerged, one with universal flat rate benefits at a certain minimum level to be supplemented by private, occupational schemes (the Beveridge-model), and another social insurance type, relating benefits to contributions and employment experience. Here, the following hypothesis can be advanced. Because the issue of age concerns a risk of life rather than a risk of class one would expect Christian Democracy initially to be particularly active in the field of old age provision. Social policy is a means to establish cross-class support without having to rely on the political salience of class (Hypothesis III.3).

Let me then first have a cursory look at the differences in pension systems among developed welfare states in 1960 in terms of spending. Table 3 summarizes pension expenditure as a proportion of total social spending in 1960 and gives the rank-order of 18 OECD nations according to this dimension. It is not surprising to find a comparable rank-order of nations as in Table 1 (Germany, Austria, France, Italy and the Netherlands all score above average, Sweden and Norway near the average and the Anglo-Saxon nations all below the average) since pensions account for the largest share of total social security spending.

Table 3 Pension Expenditure as a % of Gross Domestic Product, 1960 (rank-order)

1. Germany	9.81	10. Belgium[a]	4.35
2. Austria	9.61	11. United States	4.20
3. France	5.90	12. United Kingdom	4.08
4. Italy	5.46	13. Australia	3.37
5. Netherlands	5.22	14. Finland	3.32
6. Denmark	4.63	15. Canada	2.76
7. Sweden	4.45	16. Switzerland	2.30
8. Norway	4.39	17. Ireland	2.52
9. New Zealand	4.39	18. Japan	1.39
Average	4.56		
St. Dev.	2.14		

[a] 1964

Source: OECD, Social Expenditure, 1960-1990. Problems of Growth and Control, Paris 1985, annex c, p. 79-97, own computations.

A comparable pattern emerges when one looks instead at Table 4, which displays net, after-tax, pensions as a percentage of average worker wage. This percentage was weighted by the take-up rate, because it is of course this information combined with expenditure which details the actual scope and quality of the pension regimes.

Table 4. 1960-Rank-order of Selected OECD-countries according to the net (after-tax) pension as a proportion of average worker wage, weighted by the take-up rate proportion of population > = 65 receiving a social security pension in 1960)

1. Netherlands	.38	10. Finland	.19
2. Austria	.36	11. Australia	.16
3. New Zealand	.33	12. Switzerland	.15
4. Italy	.32	13. Canada	.15
5. Belgium	.28	14. Norway	.14
6. Germany	.27	15. United States	.11
7. Denmark	.25	16. Ireland	.09
8. United Kingdom	.21	17. Japan	.02
9. Sweden	.19	18. France	—
Average	.21		
St. Dev.	.10		

Source: SSIB-data files[9], variables PTURAT65, PNERAVAL.

Again we see that nations such as Germany, Italy, Austria and the Netherlands (now joined by Belgium as well) tend to score above average when it comes to the functioning of the social security pension system in practice in 1960. And again, the Anglo-Saxon nations (Australia, Canada and the United States) are below average, whereas the United Kingdom is precisely on average. A clear Scandinavian, Social Democratic cluster with respect to pensions and pension coverage was apparently not yet present in 1960.

Theoretically, it seems difficult to maintain that such qualitative differences in pension spending might be explained exclusively by the need of the aged, for how

9) SSIB stands for 'Svensk Socialpolitik i International Belysning'. This very rich data-bank contains detailed information on institutional characteristics of 18 welfare states over the period 1933-1980 and was originally constructed at the Swedish Institute for Social Research. I am very grateful to the original compilers of this data bank, Gosta Esping-Andersen, Walter Korpi and Joakim Palme, for their generosity in letting me use the fruits of such time-consuming effort. It has saved me a year (at least). Joakim Palme sent me an update of the data-set.

could 'need' explain coverage and replacement rates? Again, political intermediation would be necessary to translate needs or demands into rights on the basis of available resources. Table 5 summarizes a starting model (column 2, model I) which states that net (after-tax) pension as a proportion of average worker wage, weighted by the take-up rate (proportion of population aged 65 or older receiving a social security pension in 1960)[10] is a linear function of Gross Domestic Product per Capita in 1960 (GDPCAP60, at current prices and current exchange rates, in US dollars), the Proportion Aged in a nation (AGE60, number of people 65 or older as a proportion of total population), Left (LPS60, Left parliamentary seats as a proportion of total parliamentary seats, average 1945-1960) and Christian Democratic Party strength (CPS60, parliamentary seats of Christian Democratic as a proportion of total parliamentary seats, average 1945-1960).

10) Data for France had to be extrapolated from 1975, the first year information was available.

Table 5. Ordinary Least Squares Regression, Dependent Variable = net (after-tax) pension as a proportion of average worker wage, weighted by the take-up rate, 1960

	Variable Name	I Estimated Coefficient (Beta)		II Estimated Coefficient (Beta)
1	GDPCAP60	00.38578	1	00.34917
2	AGE60	-0.10374		—
3	LPS60	00.61007**	2	00.56361***
4	CPS60	00.77826***	3	00.71707***
	R^2 (Adj.)	.495		.521
	F-tests:			
	Model 1:	H_0: B1=B3=B4=0	Model 2:	H_0: B1=B2=B3=0
		F: 4.816		F: 6.819
		PR: 1.66%		PR: 0.40%
		H_0: B2=0		H_0: B1=0
		F: 0.229		F: 2.985
		PR: 64.0%		PR: 10.5%

(* : significant at 0.1 -level; ** : significant at 0.05 -level; *** : significant at 0.01 -level; F = F-statistic; PR = probability value)

The interesting finding is that the demographic variable is insignificant, once more information about the pension systems is incorporated in the analysis. Dropping this variable (in model II) improved the estimation, although the economic variable was found to be only significant at the 0.2 -level (t-value: 1.74; critical value, Pr. 0.05, df. 14 : 1.761). The F-tests, including this variable, however, suggested the significance of the estimated parameters. Again, second order testing did not reveal severe violations of the regression assumptions[11]. Estimating similar models with LPS60 and CPS60 separately showed the Left variable insignificant, the Christian Democratic

11) Jarque-Bera test : 0.916 (Chi^2, 2 df), Pr : 63.26; White's test : 6.075 (Chi^2, df 7), Pr : 53.10; Goldfield-Quandt : 3.274 (F 6,6), Pr : 10.73; Outlier-test : 2.190, critical value: 3.65 (5%), 4.55 (1%). In addition, none of the various specifications of tests for functional form indicated problems.

variable significant, but rendering a lesser fit. The 'competition' variable did not improve upon the regression results either. The conclusion is that the hypothesis privileging the relationship between Christian Democracy and pension regime as such cannot be sustained, for both Christian Democratic and Social Democratic strength are significantly related to the net (after tax) pensions as a proportion of the APW-wage, weighted by the coverage ratio. On the other hand, the estimated coefficient for the Christian Democratic variable (.72) is higher than for the variable measuring Left strength (.56). The finding is that both political movements may be considered as functional equivalents, but Christian Democracy appears to have a greater effect.

There may, however, be several other reasons for the high levels of pension spending in the continental nations around 1960. First of all, Germany might score as high as it does because it is committed to pay pensions to war victims. A high level of pension expenditure may therefore partly reflect war experience. In addition, some nations, such as Germany and Austria, treat their government personnel generously in terms of pension rights, mainly as a means of rewarding their status as 'Beamte'. This may be due to the Etatist legacy in these nations (Esping-Andersen 1990: 122-124[12]), but could perhaps also be explained in terms of status reproduction (hypotheses III.1 and III.2). The issue of old age protection might be an opportunity for introducing reforms without politicizing the issue of class, since all members of each class grow old. Upholding status or group positions after retirement-age via earnings-related benefits, then, -originally being the legacy of Etatism- might become a redefined non-class issue taken up by Christian Democracy in the postwar period. Both in Germany and the Netherlands pension legislation or pension reform took place in the late 1950s under the leadership of Christian Democracy (Germany) or under an alliance between

12) In this context, it is surprising to note that Esping-Andersen has found the Etatist bias in welfare states to be more strongly related to Catholic Party power than to Absolutism. This is surprising because - given the arguments in the first part of this thesis - Etatism is *opposed* to Subsidiarity and accordingly one would not expect these nations to be strongly Etatist. It may very well be that due to the early introduction of social insurance legislation in Germany and subsequent institutional inertia Etatism is still a force influencing the organization of the welfare state. One might theorize, however, that after the Second World war the social policy legacy was adapted, and perhaps was even in agreement with ideas on the importance of status reproduction or the 'giving to each class and group what is its due'. In chapter 9 I elaborate this thesis.

Social Democracy and Catholic political forces and backed by a broadly shared consensus (Netherlands), while in Italy important changes took place in the 1960s[13].

It would be a mistake to infer from the high levels of expenditure that the social capitalist pension regimes in 1960 are remarkably generous systems in terms of both benefits and eligibility. Partly, the earnings-related, status-reproducing pension schemes, next to being expensive, have fairly tough conditions tied to eligibility. So, if one looks at the conditions for receiving a state pension in 1960 (contribution period and reference period), one clearly finds that there exist indeed two pension regimes that tend to coincide with the types identified above. The first regime has quite strong (Germany, Italy, Austria and France) or moderate (the Netherlands, Belgium and the United Kingdom) conditions attached to pension rights in terms of reference and contribution period[14] and the second has no conditions in this respect. On the other hand, in 1960 pensioners in countries like New Zealand, Canada and Ireland had to submit to a means test before being eligible to a pension.

In the 1980s the social capitalist nations still score relatively high in terms of spending on pensions (Table 6).

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13) As I will show in the following chapters, the adopted pension systems in Germany and the Netherlands are qualitatively different due to the conditions under which the dominant political forces operated.

14) Computed by adding reference period and contribution period for state pensions (social security and government-employee pensions) in 1960 (source: SSIB-data files).

Table 6. Public Pension Expenditure as % of GDP, 1980 (rank-order)

1. Austria	13.5 (2)	10. Norway	7.9 (8)
2. Germany	12.1 (1)	11. New Zealand	7.6 (9)
3. Italy	12.0 (4)	12. United States	6.9 (11)
4. Belgium	11.9 (10)	13. Finland	6.5 (14)
5. France	11.5 (3)	14. United Kingdom	6.3 (12)
6. Netherlands	11.0 (5)	15. Australia	4.9 (13)
7. Sweden	10.9 (7)	16. Ireland	4.5 (17)
8. Denmark	9.1 (6)	17. Canada	4.4 (15)
9. Switzerland	8.0 (16)	18. Japan	4.4 (18)
Average	8.5		
St. Dev.	3.0		

(Numbers between parentheses refer to the rank-order of 1960)
Source: OECD (1988), Reforming Public Pensions, Table C1 (a).

Table 6 shows that pension expenditure is remarkably stable in the sense that the rank-order of countries in 1980 is considerably close to the rank-order in 1960. Austria took over the lead from Germany, which now comes in second. Italy, Belgium, France and the Netherlands score above average as do Sweden and Denmark. Again, the Anglo-Saxon countries all score below average, indicating that these nations strongly rely on the provision of private pensions (see Esping-Andersen 1990: 70).

In the 1980s, nations such as New Zealand and Australia have a 'basic' social security pensions scheme (conditional flat-rate benefits, financed from general revenues). All the Scandinavian countries now have a mixed system (a combination of basic, needs-based and earnings-related benefits) as do Canada, Ireland and the United Kingdom. The social capitalist nations (Austria, Belgium, France, Germany, the Netherlands, and Switzerland) all have a conditional system, covering the employed, where benefits are related to employment and the system is primarily financed by contributions of the employed (OECD 1988: 17). This last issue is particularly interesting, because it shows that social rights are granted on the basis of past contributions and may temper the possible impression that the social capitalist nations as particularly beneficent to pensioners.

Table 7. Financing of Pensions in the Social Capitalist Nations: the Share of the Employees, 1960 and 1980 (rank-order)

	1960		1980
1. Netherlands	.84	1. Netherlands	.80 (1)
2. Switzerland	.48	2. Switzerland	.45 (2)
3. Austria	.41	3. Germany	.39 (4)
4. Germany	.37	4. Belgium	.38 (5)
5. Belgium	.35	5. Austria	.37 (3)
6. Italy	.28	6. Italy	.37 (6)

Source: SSIB-data files, variable PFININSR.

The only nations where the state completely financed pensions in 1960 were Australia, Canada, Denmark, Ireland, New Zealand and the United States[15]. Furthermore, the Netherlands is exceptional in that it is the only nation of the social capitalist regime which finances the public pension scheme mainly through contributions of the insured (10-12 per cent of gross earnings), while at the same time the benefit is flat-rate. In other words, although the financing is almost wholly done by the employees, the benefits are not earnings-related[16]. All other nations present in Table 7 have earnings-related benefit schemes with (almost) universal coverage[17].

The Issue of De-commodification 3: Income Replacement

In order to understand better the quality of the welfare state regimes and the social capitalist regime in particular, I now focus on possible other measures of de-commodification as perhaps the best yardstick for the extent to which social security systems emancipate individuals or families through state policies from the hardships of the market.

15) Source: SSIB-data files.

16) The peculiar conditions under which this scheme emerged are discussed in chapter 11.

17) By contrast, Finland, Norway and Sweden have Public two-tier schemes, combining flat-rate public pensions and earnings-related (supplementary or occupational) pensions.

Perhaps what really matters is the range and scope of social rights rather than the amount of money spent. De-commodification should be taken to refer to the extent to which an individual or a family can expect to preserve a level of income close to the level of the market wage in case of old age, sickness, accident or unemployment. The theoretically most satisfactory focus, then, would be the one on income replacement schemes for unemployment, sickness, disability and old age. I propose to operationalize a measure of de-commodification as the average net (after tax) replacement rates of the schemes for unemployment, disability, sickness and old age (average over the first 26 weeks, after waiting days), weighted by the appropriate coverage ratio. Table 8 gives the rank-order of welfare states in 1960 according to this measure of de-commodification.

Table 8. De-commodification as weighted average net replacement rates of major income replacement schemes, 1960 (rank-order)

1. Sweden	.72	10. Italy	.41
2. Netherlands	.64	11. France	.38
3. Austria	.61	12. Canada	.35
4. Germany	.59	13. United States	.34
5. Norway	.55	14. Ireland	.32
6. United Kingdom	.54	15. Finland	.31
7. Denmark	.52	16. Japan	.27
8. Belgium	.51	17. New Zealand	.23
9. Switzerland	.44	18. Australia	--
Average	.45		
St. Dev	.14		

Source: SSIB-data files, Variables GPRASWSI/FA U26NERSI/FA S26NERSI/FA A26NERSI/FA P/U/S/A-COVRATL.

In agreement with other studies (Esping-Andersen 1990; Western 1989) the finding is that the main social capitalist countries score above average on this measure of de-commodification as do the main Scandinavian countries. The conclusion is that a clear difference between the Social Democratic cluster and the Christian Democratic cluster does not exist. Again, there seems to be some indication for the functional equivalence of Social Democracy and Christian Democracy and for the relevance of the competition- or interaction-thesis. Using the information from Table 8 as well as the

information on spending as a more detailed measure of de-commodification than spending alone, I estimated the models as reported in Table 9, using the same variables as in the regression analysis reported in Table 2.

Table 9. Ordinary Least Squares Regression, Dependent Variable = De-commodification (replacement-rates and expenditure), 1960

	Variable Name	I Estimated Coefficient (Beta)		II Estimated Coefficient (Beta)
1	GDPCAP60	00.10857		---
2	UERATE60	-0.10869		---
3	AGE60	00.41224‾	1	00.52314‾‾
4	UNION60	00.13249		---
5	SDCD60	00.54840‾	2	00.45805‾‾
	R^2 (Adj.)	.636		.670
	F-tests:			
	Model 1:	H_0: B1=B2=B4=0 F: 00.508 PR: 68.37%	Model 2:	H_0 B1=B2=0 F: 17.734 PR: 00.01%
		H_0: B3=B5=0 F: 13.316 PR: 00.07%		

(‾ : significant at 0.1 -level; ‾ : significant at 0.05 -level;
‾‾: significant at 0.01 -level; F = F-statistic; PR = probability value)

The most interesting finding is the similarity between this model and the model as reported in Table 2. Again, the second estimated model (model II, column 3) with only AGE60 and SDCD60 as independent variables is clearly superior. Partly, the similarity between the two models results from the fact that both dependent variables use the same data on spending. Nevertheless, it shows that operationalizing de-commodification in a slightly different, but more precise way does not lead to a change in the conclusions. The null-hypothesis that the model is correct cannot be rejected. Further second order testing of model II showed that there appeared to be no signs of problems

with the main regression assumptions[18]. In addition, estimating the model with only LPS60 gave insignificant results for this political variable. The Christian Democratic variable performed better, but less than the 'competition' variable, which provided the most parsimonious model.

What about the hypothesis concerning the relative de-commodification of families versus the de-commodification of individuals? One could of course simply look at the average net replacement rate for a family with two children as a proportion of the net replacement rate for an unmarried individual and one will find the surprising outcome that, first of all, some countries actually 'punish' families with two children in the sense that the net replacement rate of the major income replacement schemes is actually lower for a family than for a single individual. In addition, one will not find any systematic pattern in the family-bias of income maintenance schemes, which would indicate a clear difference between the social capitalist nations and other regimes. The hypothesis regarding the possible pronounced de-commodification of the family through the social security system alone (I.2) would have to be rejected on the basis of this information[19]. However, it may be the case that the family-bias is already present in the wage-tax-structure of a nation, as a result of which differences in replacement rates between individuals and families in the social security system do not have to be reinforced in order to privilege the family. Table 10, then, shows the ratio between the Net Average Production Worker's wage (NAPW) for a family with two children where the husband earns the APW and the NAPW of a single in 1960.

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18) Jarque-Bera test : 1.108 (Chi^2, 2 df), Pr : 57.46; White's test : 2.658 (Chi^2, df 4), Pr : 61.65; Goldfield-Quandt : 0.902 (F 7,7), Pr : 55.24; Outlier-test : 1.974, critical value: 3.62 (5%), 4.48 (1%). In addition, none of the various specifications of tests for functional form indicated problems, neither did the analysis on the externally studentized residuals.

19) Source: SSIB-data files.

Table 10. Privileging of Families in Net Average Production Worker's wage, 1960 (rank-order)

1. Italy	1.31	10. Germany	1.15
2. Austria	1.25	11. Sweden	1.13
3. United Kingdom	1.24	12. Switzerland	1.11
4. France	1.23	13. United States	1.11
5. Netherlands	1.20	14. Denmark	1.09
6. Norway	1.19	15. Ireland	1.09
7. Belgium	1.18	16. Australia	1.08
8. New zealand	1.16	17. Canada	1.08
9. Finland	1.16	18. Japan	1.02
Average	1.15		
St. Dev	0.07		

Source: SSIB-data files, variables NETAPWFA, NETAPWSI

In all nations the NAPW is higher for a family than for a single. However, nations such as Denmark, Ireland, Australia, Canada and Japan are one (or close to one) standard deviation below average. Italy, Austria, France and the United Kingdom score more than a standard deviation above average, whereas the Netherlands and Belgium are above average as well. Germany appears to be an average case, while the case of Italy is exceptional; this nation is two standard deviations above average. There is, therefore, some confirmation for the thesis that the privileging of families is already present in the wage-tax structure of nations. And given the presence of the main social capitalist nations in the top of the table this seems to be -although certainly not an exclusively- social capitalist affair.

It is, of course, ultimately the interplay of taxation and social security that determines the actual distribution of income and the possible difference between individuals and families. It is difficult to find out precisely how the various public programs interact in terms of a final outcome. Moreover, there are severe data restraints with regard to the period around 1960. One way of getting some detail on these effects would be by looking at disposable income as a proportion of gross earnings of an Average Production Worker. Income tax (-), social security contributions (-) and transfers (+) are the determinants of disposable income. In order to examine the possible privileging of tax-benefit regimes I therefore looked at disposable

income as a percentage of gross earnings and at the difference in disposable income between a family with two children and a single. The measure I constructed is meant to cover both the absolute level of disposable income (as a proportion of gross earnings) and the relative position of a family vis à vis the single by multiplying the disposable income of a two child family by the ratio of their income to the disposable income of a single. The results (1976) are shown in Table 11.

Table 11. The Privileging of Families in Disposable Income, 1976 (Rank-order)

1. France	120.1	10. Germany	91.9
2. Austria	117.6	11. United States	91.9
3. Belgium	110.4	12. United Kingdom	88.9
4. Italy	108.7	13. Norway	88.8
5. Australia	99.6	14. Finland	88.6
6. Canada	99.3	15. New Zealand	87.6
7. Japan	97.6	16. Netherlands	86.4
8. Ireland	96.7	17. Sweden	83.7
9. Switzerland	95.6	18. Denmark	82.3
Average	96.4		
St. Dev.	11.2		

Source: OECD 1978, The Tax/Benefit Position of Selected Income Groups in OECD Member Countries, p. 92, Table 2, own calculations.

The most intriguing aspect concerns both the top and the bottom of the rank-order. Denmark and Sweden score as low as they do because the disposable income of a family as a percentage of gross earnings (71.2 % and 71.8 %) is the lowest in the OECD-area. The bottom of the Table, therefore, also simply reflects the stern tax regimes in these nations. On the other hand, countries such as Australia, Canada and Japan are in the sub-top of the Table precisely because of their relatively lenient tax-regimes. However, the top of Table 11 is made up of nations that do not have a particularly tolerant tax regime, but still score more than one (Italy, Belgium and Austria) or even two (France) standard deviation(s) above average. The tax-benefit regimes of these nations apparently do favour the family over the single in a disproportional manner. The difference between disposable income of a family and a single is (in percentage points) 10.9 in Italy, 17. 2 in France, and 17.9 in Belgium and

Austria as, for instance, compared to 10.2 in Sweden, 9.9 in Norway, 9.6 in Denmark, and 5.3 in Japan. This has certainly to do with the fact that Italy, France, Belgium and Austria are the welfare states that most strongly rely on cash benefits to families. These are the only nations that score more than one standard deviation above the average (5.16 % of gross earnings) of state transfers to families, with Belgium (13.0 %) leading, followed by Italy (9.6)[20], France (9.2 %) and Austria (8.9)[21].

Defining the dependent variable as the difference between the take-home pay plus cash transfers of a family with two children and the take-home pay plus cash transfers of a single (expressed as a percentage of gross earnings)[22], would give a measure of family-bias in the tax-benefit systems of advanced capitalist nations. The models I estimated are presented in Table 12[23].

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20) The gross transfer in Italy is subject to tax, while on the other hand cash allowances are also transferred to wives who are not engaged in gainful employment and who have no children.

21) Source: OECD 1978, The Tax Benefit Position, p. 98, Table 8.

22) Take-home pay = gross earnings minus income tax and employee's social security contributions. Source: OECD (1986), The Tax/Benefit Position of Production Workers, 1981-1985, Paris, Table 4, p. 53.

23) Jarque-Bera test : 0.946 (Chi^2, 2 df), Pr : 62.51; White's test : 0.446 (Chi^2, df 2), Pr : 80.02; Goldfield-Quandt : 1.305 (F 8,8), Pr : 35.76; Outlier-test : 1.884, critical value: 3.54 (5%), 4.34 (1%). In addition, none of the various specifications of tests for functional form indicated problems.

Table 12. Ordinary Least Squares Regression, Dependent Variable = Family-Bias in Tax-Benefit Regimes, 1980

	Variable Name	I Estimated Coefficient (Beta)		II Estimated Coefficient (Beta)
1	GDPCAP80	00.02629		---
2	LPS80	00.20734		---
3	CSP80	00.60981‾	1	00.59233‾‾
	R^2 (Adj.)	.310		.351
	F-tests:			
	Model 1:	H_0: B1=B2=0	Model 2:	H_0 B1=0
		F: 00.941		F: 09.189
		PR: 61.98%		PR: 00.75%
		H_0: B3=0		
		F: 08.369		
		PR: 01.12%		

(‾ : significant at 0.1 -level; ‾ : significant at 0.05 -level;
‾‾: significant at 0.01 -level; F = F-statistic; PR = probability value)

An effect of the strength of the Left could not be detected, whereas the Christian Democracy variable was found to be related to the family-bias in tax-benefit regimes. However, entering the 'competition' variable rather than the Christian Democratic variable gave an increase in the fit (R^2 [Adj.]: .481) and an increase in the estimated coefficient (.69), suggesting that the presence of both political determinants in fact moderately adds to the explained variance in the family-bias[24].

As to the measures of de-commodification and the hypotheses regarding the difference between Christian Democracy and Social Democracy with respect the de-commodification of individuals and families, the conclusion is that 1) both political

24) Jarque-Bera test : 0.973 (Chi^2, 2 df), Pr : 61.48; White's test : 0.122 (Chi^2, df 2), Pr : 94.07; Goldfield-Quandt : 2.001 (F 8,8), Pr : 17.31; Outlier-test : 2.087, critical value: 3.54 (5%), 4.34 (1%). In addition, none of the various specifications of tests for functional form indicated problems.

movements appear to be functional equivalents; 2) the competition or interaction between Christian Democracy and Social Democracy adds to the level of de-commodification; 3) social capitalism appears to be beneficial to families in terms of de-commodification if one looks at the interplay of the tax, wage and benefits-system, while the interplay of the strength of the Left and of Christian Democracy adds to the privileging of families.

Subsidiarity 1: the Cash-Benefit-Bias of Social Capitalism and its Possible Effect on Labour Market Participation

Hypotheses II.1.a and II.1.b state that social capitalist welfare tend to rely on cash-benefits rather than on benefits in kind in their social security schemes (a); and that social capitalism is characterized by passivity with respect to labour market policy (b).

The basic idea behind this focus on the cash-bias of welfare states is that there are differences in the role of the state in the redistribution of societal wealth and that these discrepancies account for distinct outcomes. Welfare regimes might redistribute equally large sums of money, but they may do so in fundamentally dissimilar ways. "Societies can be divided in those that distribute their resources primarily through cash transfers and those whose spending patterns are concentrated on the provision of services. The latter is labour intensive, whereas the former is not because the income transfers that needy families receive from the state are more likely to be spent for basic necessities than for social welfare services. A service state, by contrast, constrains consumption into precisely those services which also require a high level of employment (...)" (Rein 1985: 96). These nations, then, have different logics as to how transfers are spent. "A transfer state is guided by the income principle of distribution (...). By contrast, the service state is more guided by a principle of rehabilitation to help individuals reintegrate themselves within society" (Rein 1985: 96). It would be incorrect to presume that a welfare regime would exclusively rely on the one or the other; the argument is one of bias: social capitalism is assumed to be biased in the direction of transfers.

In order to test hypothesis II.1.a I operationalized the dependent variable CASH60 as cash benefits as a proportion of total benefits of social security schemes, using ILO data. The OLS-results are summarized in Table 13.

Table 13. Ordinary Least Squares Regression, Dependent Variable = Cash benefit-bias in welfare states, 1960

		I		II
	Variable Name	Estimated Coefficient (Beta)		Estimated Coefficient (Beta)
1	GDPCAP60	00.81821‴	1	00.73965‴
2	UERATE60	-0.18579		---
3	AGE60	-0.11351		---
4	CPS60	01.00069‴	2	00.89813‴
	R^2 (Adj.)	.733		.734
	F-tests:			
	Model 1:	H_0: B2=B3=0 F: 00.922 PR: 39.55%	Model 2:	H_0 B1=B2=0 F: 23.922 PR: 00.00%
		H_0: B1=B4=0 F: 21.462 PR: 00.01%		

(′ : significant at 0.1 -level; ″ : significant at 0.05 -level;
‴: significant at 0.01 -level; F = F-statistic; PR = probability value)

It shows a positive relationship between the dependence on cash benefits and Christian Democracy as well as the economic variable. This suggests the plausibility of hypothesis II.1.a, the more so as estimation results of similar models with the Left political variable rendered insignificant results, even though the sign (-) of the Left variable was in the expected direction. Estimation with the 'competition' variable reduced the fit of the model. Further second order testing of model II showed that there appeared to be an outlier problem (Finland)[25], but no other signs of problems with

25) Using different estimation techniques (both Least Absolute Deviation which minimizes the sum of absolute values of the residuals and Robust estimation, using 'Bi-weighted least squares' [see Dietz (continued...)

the main regression assumptions[26]. Another interesting finding was that Germany and Italy had negative residuals (-1.122 and -.037 respectively), while the Netherlands had an unexpectedly large positive residual (1.535), suggesting that the latter's regime relies even more on cash benefits than could be anticipated on the basis of the estimation.

Social capitalism might under certain conditions be described as a passive welfare state, especially with respect to labour market policy (hypothesis II.1.b). Some indication of this passivity was already found in the cash-benefit-bias of social capitalism. Unfortunately, there are no data available on the relative importance of active labour market measures in the 1960s. There are, however, data available for the 1980s. Table 14 gives the rank-order of nations in 1987 according to the ratio of passive labour market expenditures (such as early retirement, income replacement) to active labour market expenditures (employment services, labour market training, measures for special groups).

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25) (...continued)
e.a. 1987: 384]) did not change the estimated parameters dramatically. As a result I decided to stay with OLS.

26) Jarque-Bera test : 3.107 (Chi^2, 2 df), Pr : 21.15%; White's test : 3.869 (Chi^2, df 4), Pr : 42.41%; Goldfield-Quandt : 0.557 (F 7,6), Pr : 77.06%; Outlier-test : 3.098, critical value: 3.62 (5%), 4.48 (1%). In addition, none of the various specifications of tests for functional form indicated problems.

Table 14. Passivity of Welfare States (rank-order), 1987
The Ratio Passive to Active Labour Market Measures

1. Australia	3.78	(1)	10. United States	2.45	(10)
2. Denmark	3.41	(6)	11. Finland	2.14	(12)
3. France	3.15	(2)	12. United Kingdom	1.88	(13)
4. Belgium	2.95	(3)	13. Italy	1.76	(11)
5. Canada	2.94	(7)	14. New Zealand	1.64	(14)
6. Netherlands	2.68	(9)	15. Germany	1.36	(15)
7. Austria	2.61	(8)	16. Switzerland	1.35	(16)
8. Ireland	2.52	(5)	17. Norway	0.87	(17)
9. Japan	2.47	(9)	18. Sweden	0.43	(18)
Average	2.24				
St. Dev.	0.89				

Source: OECD Employment Outlook, sept. 1988, Table 3.1, p. 86. The numbers in parentheses refer to the rank-order of the nation when labour force participation rates are taken into account.

The evidence is mixed and the hypothesis on the passivity of social capitalist welfare states must be rejected. What is unmistakable is the 'activeness' of Sweden and Norway, the only two countries spending more on active than on passive measures. The conclusion might be that social capitalist nations do not differ much from the Liberal regime type in terms of labour market policy. Moreover, if one takes into account the labour force participation of men and women[27], the pictures hardly changes at all. The only notable change is that Denmark drops to place 6 when the participation rates are taken into account.

Hypothesis II.2 states that different types of configurations of market, state and family create different types of employment patterns. The expectation was that labour market participation rates (both of men and women) would be comparatively low in those nations that are characterized by transfer-bias and passivity or in general, by the dominance of a traditional family ideology (hypothesis IV.5). Surely, the precise explanation of participation rates would be much more complex than I will and can argue here. The assumption, however, is that different welfare regimes pattern employment in different ways. The focus here is on the possible determinants of

27) I took the ratio of active to passive measures weighted by the labour market participation rates of men and women.

participation, which are assumed to be the effect of a particular regime, which -in turn- are assumed to be politically determined. If this is the case and if my theoretical considerations are correct, one should find a fairly strong negative relationship between Christian Democratic power and participation rates of men and women as well as a fairly strong positive relationship between the power of labour (both party and union, i.e the number of union members as a proportion of total labour force) and participation on the labour market, even if one controls for the unemployment rate and the wealth of a nation. Table 15.a summarizes the results of the regression analysis relating the participation rate of men and the participation rates of women in the 1980s to the economic and political variables of interest.

Table 15.a Ordinary Least Squares Regression, Dependent Variable= Labour Force Participation of Men and Women, Around 1980

	Variable Name	I Estimated Coefficient (Beta)		II Estimated Coefficient (Beta)
1	GDPCAP80	00.31408***	1	00.32977***
2	UERATE80	-0.28594**	2	-0.25873**
3	UNION80	00.55364***	3	00.51808***
4	LPS80	-0.07169		---
5	CPS80	-0.75682***	4	-0.75375***
	R^2 (Adj.)	.840		.849
	F-tests:			
	Model 1:	H_0: B4=0	Model 2:	H_0 B2=0
		F: 00.192		F: 05.389
		PR: 66.82%		PR: 03.69%
		H_0: B1=B2=B3=B5=0		H_0: B1=B2=B3=B4=0
		F: 21.271		F: 24.660
		PR: 00.00%		PR: 00.00%

(* : significant at 0.1 -level; ** : significant at 0.05 -level; ***: significant at 0.01 -level; F = F-statistic; PR = probability value)

The analysis shows that it is not so much Left power, but rather the strength of organized labour which is positively related to the labour market participation of the

population. Estimating similar models excluding union strength still indicated the insignificance of the Left variable. In line with the expectations, Christian Democracy is negatively associated with labour market participation in a fairly strong way (a coefficient of .75). In addition, the rate of unemployment negatively influences participation, too. The fit of the model is -for a cross-sectional analysis- remarkably good. Further second order testing of model II, in turn, showed that there appeared to be no signs of problems with the main regression assumptions[28]. The residual analysis, however, uncovered that both Italy and Germany had positive residuals (.312 and 1.557), while the Netherlands had a fairly large negative residual of -2.678, indicating that labour market participation in this nation is much lower than expected on the basis of the model.

Looking at the participation of women separately leads to comparable conclusions (Table 15.b). However, the unemployment rate was found to be insignificant and was excluded from the more parsimonious model II. Again, the fit is very good and the Christian Democratic variable performs in the expected direction. The residual analysis revealed again that Germany had a positive residual, while Italy and the Netherlands had negative residuals. Female participation on the labour market is unexpectedly low in these nations, especially in the Netherlands (-1.830)[29].

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28) Jarque-Bera test : 0.790 (Chi², 2 df), Pr : 67.36%; White's test : 7.914 (Chi², df 11), Pr : 72.10%; Goldfield-Quandt : 0.732 (F 5,5), Pr : 62.95%; Outlier-test : 2.691, critical value: 3.91 (5%), 5.02 (1%). The various specifications of tests for functional form did not show any problems.

29) Further second order testing of model II, again, showed that there appeared to be no signs of problems with the main regression assumptions. Jarque-Bera test : 0.364 (Chi², 2 df), Pr : 83.37%; White's test : 6.590 (Chi², df 7), Pr : 47.28%; Goldfield-Quandt : 0.527 (F 6,6), Pr : 77.22%; Outlier-test : 2.312, critical value: 3.73 (5%), 4.68 (1%). The various specifications of tests for functional form did not show any problems.

Table 15.b Ordinary Least Squares Regression, Dependent Variable = Labour Force Participation of Women, Around 1980

	Variable Name	I Estimated Coefficient (Beta)		II Estimated Coefficient (Beta)
1	GDPCAP80	00.37793‴	1	00.32977‴
2	UERATE80	-0.12000		
3	UNION80	00.51326‴	2	00.57380‴
4	LPS80	-0.07965		—
5	CPS80	-0.56539‴	3	-0.56818‴
	R^2 (Adj.)	.850		.842
	F-tests:			
	Model 1:	H_0: B2=B4=0	Model 2:	H_0 B1=0
		F: 01.418		F: 13.234
		PR: 27.72%		PR: 00.24%
		H_0: B1=B3=B5		H_0: B1=B2=B3=0
		F: 28.133		F: 30.826
		PR: 00.00%		PR: 00.00%

(‘ : significant at 0.1 -level; ‘‘ : significant at 0.05 -level; ‘‘‘: significant at 0.01 -level; F = F-statistic; PR = probability value)

Subsidiarity 2: The Organization and Financing of a Welfare Regime

The administration of the main welfare institutions is expected to be controlled by private or semi-public organizations, supervised and subsidized by the state. Ideally, one would anticipate a bi- or tripartite structure in the control of the main social security schemes. As an operationalization of the dependent variable (BITRI79[30]) one might look at the level of bi- or tri-partism in a nation. I have simply taken the number of central social security schemes (old-age, invalidity, and survivor programs; sickness

30) I have taken 1979 here because the expectation is that in this respect administrative, organizational characteristics show inertia in particular. Source: U.S. Department of Health and Human Services (1980), Social Security Programs Throughout the World, 1979.

and maternity; work-injury programs; unemployment benefit programs; family allowances) controlled by bi- or tri-partism as an indicator. It is important to note that this measure cannot be taken as referring to 'corporatism' understood as a system of interest intermediation between the main societal interests. It may very well be the case that bi- or tri-partite control of the social security system coincides with corporatist interest intermediation, but there is no necessary link.

Table 16. Ordinary Least Squares Regression, Dependent Variable = Bi- Tripartism in Social Security Administration, 1979 (BITRI79)

	Variable Name	I Estimated Coefficient (Beta)		II Estimated Coefficient (Beta)
1	LPS80	00.17367		---
2	CPS80	00.67621‴	1	00.66731‴
	R^2 (Adj.)	.443		.445
	F-tests:			
	Model 1:	H_0: B1=0	Model 2:	H_0 B1=0
		F: 00.918		F: 13.648
		PR: 35.24%		PR: 00.18%

(* : significant at 0.1 -level; ‴ : significant at 0.05 -level;
‴: significant at 0.01 -level; F = F-statistic; PR = probability value)

Table 16 shows that Christian Democratic strength is positively related to the number of social security schemes under bi-partite or tri-partite control, whereas Social Democracy is not related to this characteristic of welfare state regimes. Further second order testing of model II showed that there appeared to be no signs of problems with the main regression assumptions[31]. Estimating a similar model with union strength as an independent variable indicated the insignificance of the variable. In the present

31) Jarque-Bera test : 1.403 (Chi², 2 df), Pr : 49.59; White's test : 2.076 (Chi², df 2), Pr : 35.42; Goldfield-Quandt : 0.762 (F 8,8), Pr : 64.51; Outlier-test : 2.576, critical value: 3.54 (5%), 4.34 (1%). Non of the null-hypotheses that the standard assumptions of the regression-model apply could be rejected on the basis of test for functional form.

context this is interpreted to signify that as far as the administration of social security schemes is concerned it is Christian Democracy that defines the cooperation between labour and capital (and the state). A speculation might be that unions, in turn, concentrate their efforts on economic bargaining in the market, an issue beyond the scope of this study. The most intriguing finding, however, came out of the analysis of the residuals. It revealed that France (2.298) and the Netherlands (2.576) had relatively large positive residuals, while Italy had a negative residual (-.527) and Germany a modest positive one (.354). The case of France could perhaps be explained by the fact that Christian Democracy (MRP), one of the major political forces of the Fourth Republic (1946-1958), disappeared in the fifth republic (1958-present). On the other hand, one might argue that Christian Democracy is still present as one of the currents of the centre and centre-right of French politics (Irving 1979: 222-231). My data may, then, perhaps underestimate the strength of Christian Democracy in France, given the institutional inertia of institutional arrangements set in place in the first decade or so after the Second World War. Performing a brief counterfactual exercise by assuming that Christian Democracy in France in 1980 had the momentum of the MRP in the 1950s, indeed exhibited a marked improvement of the model and reduced the positive residual of France considerably. A comparable maneuver would not make sense with respect to the underestimation of the Netherlands. The explanation for this nation rather has to be sought in the exceptional system of 'pillarization' and consociationalism, a theme to which I will turn in the chapter 11. The conclusion, taking into account these considerations, is that Christian Democratic strength does seem to be associated with bi- or tripartism in the system of social security and that hypothesis II.3 cannot be rejected.

When one looks at the role of the state in the financing of the main social security systems, a mixed picture emerges. 'STAT' in Table 17 is the average share of state financing in the schemes for unemployment and pensions[32]. Australia and New Zealand are the only nations in which the state in 1960 completely financed the unemployment and pension schemes. At the same time, it is clear that the role of the state in some of the social capitalist nations is very modest, with Austria scoring only

32) I have chosen these two schemes because of incomplete data on other schemes, notably sickness.

0.09, Italy .12 and the Netherlands .16, whereas others score above average (Belgium, France).

Table 17. Financing of Social Security Schemes (Unemployment and Pensions), 1960 (Rank-order according to share of insured)

COUNTRY	1 INSR	2 EMPR	3 STAT	4 IE/S
1. Switzerland	.66	.21	.14	6.21 (4)
2. Netherlands	.60	.24	.16	5.25 (5)
3. Austria	.45	.45	.09	10.00 (1)
4. Sweden	.45	.00	.55	0.82 (11)
5. Japan	.44	.44	.12	7.33 (3)
6. Germany	.42	.41	.18	4.61 (6)
7. Norway	.40	.32	.29	2.48 (8)
8. United Kingdom	.38	.38	.25	3.04 (7)
9. Finland	.33	.19	.48	1.08 (10)
10. Denmark	.30	.00	.71	0.42 (15)
11. United States	.27	.74	.00	--
12. Belgium	.26	.28	.46	1.17 (9)
13. Canada	.21	.21	.58	0.72 (12)
14. Italy	.14	.75	.12	7.42 (2)
15. Ireland	.14	.16	.71	0.42 (14)
16. France	.13	.28	.60	0.68 (13)
17. Australia	.00	.00	1.00	0.0 (16)
18. New Zealand	.00	.00	1.00	0.0 (17)
Average	.31	.28	.41	3.04
St. Dev.	.19	.23	.31	3.15

Source: SSIB-data files, variables U/PFININSR, U/PFINEMPR, U/PFINSTAT.

Looking at the share of the insured one sees that Switzerland and the Netherlands score more than one standard deviation above average, indicating that in these nations the social security schemes are for almost two thirds financed by the contributions of the insured themselves. However, what is of most interest here is the counterpart or complement of hypothesis II.2 concerning self-government, namely the presumption of self-responsibility. The expectation was that in nations where Christian Democracy is strong the major schemes of social security are primarily financed by the categories involved themselves. The bulk of the social security burden ought to be carried by the employers and the insured. One way of measuring this is by taking the ratio of the share of employers and insured to the share of the state (IE/S). Regressing this variable

on Christian Democratic strength gave the following bivariate result (excluding the United States):

IE/S = 0.53003 CPS60
(t=2.53) R^2 (adj.) = .238
F: 6.377; Pr.: 2.25%

Second order testing of this model showed no signs of problems with the main regression assumptions[33], although -as could be expected- the large positive residual for Japan showed this nation to be a significant outlier. Estimating the same model, but excluding Japan from the analysis substantially improved the explained variation[34].

IE/S = 0.67401 CPS60
(t=3.53) R^2 (adj.) = .454
F: 12.487; Pr.: 0.30%

The interesting finding was that Austria had a large positive residual (2.282) and Belgium a large negative residual (-2.499). This suggests that Belgium relies disproportionally on state contributions in the social security system, whereas for Austria the opposite holds. The Netherlands and Italy, moreover, had modest positive residuals, while Germany had a small negative residual. As a conclusion one might say that Christian Democracy is positively and significantly related to 'self-responsibility' in the financing of the social security schemes. On the other hand, there appears to be quite some variation among the social capitalist nations themselves, which cannot be

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33) Jarque-Bera test : 0.862 (Chi^2, 2 df), Pr : 64.97; White's test : 1.221 (Chi^2, df 2), Pr : 54.05; Goldfield-Quandt : 1.223 (F 8,7), Pr : 40.19; Outlier-test : 2.526, critical value: 3.56 (5%), 4.38 (1%). Various specifications of tests for functional form did not lead to the rejection of the null-hypothesis that the standard assumptions of the regression-model apply.

34) Jarque-Bera test : 0.093 (Chi^2, 2 df), Pr : 95.46; LM-test (heteroskedasticity): 6.452 (Chi^2, df 1), Pr : 01.11 (failed); White's test : 6.934 (Chi^2, df 3), Pr : 7.40; Goldfield-Quandt : 0.658 (F 6,6), Pr : 68.81; Outlier-test : 2.545, critical value: 3.62 (5%), 4.48 (1%). Various specifications of tests for functional form did not lead to the rejection of the null-hypothesis that the standard assumptions of the regression-model apply could be rejected. Residual analysis, however, showed a large positive residual for Japan.

contributed to variation in the power of Christian Democracy. In addition, the results should be interpreted with care, since the United States and Japan were excluded from the analysis.

Status Reproduction and Fragmentation

Social policy in social capitalist nations tends to reproduce rather than overcome class and status differences (Hypothesis III.1). Benefits under social capitalist conditions tend to be earnings-related rather than flat-rate, so that they preserve rather than supersede social difference. One way of looking at the reproduction of status differentials is by studying benefit differentials, that is, the ratio of the minimum benefit of a social insurance scheme to the maximum benefit (see Esping-Andersen 1990: 69-78). As a measure of benefit inequality I took the average benefit inequality over the schemes for pensions, unemployment, sickness and disability. The results are presented in Table 18.

Table 18. Benefit Structure and Benefit Inequality of Welfare States, 1960 (rank-order according to Benefit Inequality)[a,b]

1	2	3	4	5	6
Country	Inequality[a]	Min	Max	Max -Min	Average Benefit (Rank-order)
1. Germany	.91	.08	.86	.78	(3)
2. Japan	.91	.06	.68	.62	(7)
3. Switzerland	.90	.06	.59	.53	(10)
4. France	.89	.10	.91	.81	(1)
5. Netherlands	.89	.09	.84	.75	(2)
6. United States	.85	.06	.40	.34	(15)
7. Finland	.69	.22	.71	.49	(4)
8. Denmark	.67	.15	.47	.31	(13)
9. New Zealand	.64	.19	.55	.35	(8)
10. Canada	.61	.18	.47	.28	(11)
11. Sweden	.61	.23	.58	.35	(6)
12. Australia	.57	.12	.28	.16	(16)
13. Norway	.51	.21	.43	.22	(12)
14. Italy	.41	.12	.21	.09	(17)
15. Ireland	.26	.25	.34	.09	(14)
16. United Kingdom	.16	.32	.38	.06	(9)
17. Belgium	.05	.40	.42	.02	(5)
Average	.62	.17	.54	.37	
St. Dev.	.27	.10	.21	.26	

a) 'Inequality' was computed as 1-(min/max).
b) There were only incomplete data available for Austria.

Source: SSIB-data files, variables GPRAMI/MX-SI/CO, GURAMI/MX-SI/FA, GSRAMI/MX-SI/FA, GARAMI/MX-SI/FA

Benefit differentiation is clearly highest in Germany, Japan, Switzerland, France and the Netherlands, nations that all score one standard deviation above average (Table 18, column 2). The presence of some of the social capitalist nations of interest in the top of the rank-order gives some support to hypothesis III.1. This hypothesis appears to be even more plausible when one takes into account that France, the Netherlands and Germany also have the highest average replacement rates. Accordingly, the difference between the maximum and minimum benefit is largest in these nations. However, the fact that Italy and Belgium score substantially below average complicates the picture considerably. For Italy, this may have to do with the fact that in this nation in 1960 the average benefit was the lowest of all nations included in Table 18. Given such low average replacement rates, differentiation becomes of course difficult. However, for Belgium such a story cannot be told and this is the only nation where benefit inequality is virtually absent. The data in Table 18, then, suggest a mixed conclusion. Not only the social capitalist nations are characterized by highly differentiated benefits and, what is more, not all social capitalist regimes can be identified by looking at the inequality of benefits.

Another way of looking at the reproduction of status differentials is studying the fragmentation of welfare regimes in terms of the number of special schemes for distinct groups in society. The measure I constructed consisted of the sum of special schemes within the major programs of Old Age, Invalidity and Death, Sickness and Maternity, Work Injury, Unemployment, and Family Allowances added to the number of occupationally distinct public pension schemes (Esping-Andersen 1990: 70). The question is whether fragmentation as a characteristic of social capitalism is related to Christian Democratic strength or not. A cursory look at the data suggested a high probability of an outlier, namely Japan. Therefore, it appeared to make sense to estimate the regression models, using a robust estimation technique, namely Least Absolute Deviation (LAD). The LAD-technique minimizes the sum of the absolute values of the residuals rather than the sum of the squared residuals. Obviously, LAD gives less weight to potentially influential outliers. The (non-standardized) results are presented in Table 19 and suggest that Christian Democracy is indeed significantly

related to the fragmentation of the social security system. Hypothesis III.2 cannot be rejected[35].

Table 19. Least Absolute Deviation Regression, Dependent Variable = Fragmentation in Social Security Systems, 1980

	Variable Name	I Estimated Coefficient (Beta)		II Estimated Coefficient (Beta)
1	LPS80	00.01517		---
2	CPS80	17.34711‾	1	17.35250‾
3	CONST.	03.00266‾	2	02.99479‾
	DC[a]	.578		.578
	(R^{2b}	.294		.294)

Model 1:	H_0: B1=0		Model 2:	H_0 B1=0
	F[c]:	--	F:	05.565
	PR:	--	PR:	03.14%

a) DC is analogous to R^2 in OLS.
b) R^2 is computed according to the OLS formula.
c) Test-statistic not computable.

(‾ : significant at 0.1 -level; ‾ : significant at 0.05 -level;
‾: significant at 0.01 -level; F = F-statistic; PR = probability value)

Estimating a comparable model with the OLS-technique, but including a dummy variable for Japan (taking the value 1 for this nation) gave roughly comparable results. This exercise was mainly done in order to be able have a look at the OLS-residuals of other nations. The analysis showed that Germany and the Netherlands had small negative residuals, while Italy had a notable positive residual, indicating that this nation's social security system is more fragmentized than could be expected on the basis of the model. The reasons for this are discussed in chapter 10.

35) Because the second order tests assume normality of the residuals, second order testing of the model does not make sense. Normality is precisely what I expected to be violated because of Japan.

Above I already concluded on the basis of data regarding de-commodification that social capitalism appears to be beneficial to families in terms of de-commodification if one looks at the interplay of the tax, wage and benefits-system, while the interplay of the strength of the Left and of Christian Democracy adds to the privileging of families. In addition, the thesis that social capitalism is disfavourable to the commodification of female labour power was found to be plausible in the analysis of labour participation rates. In this sections I attempt to elaborate further the possible role of Christian Democracy in configuring the relationship between state, market and family[36].

Let me first look at the cash transfers to families as a percentage of gross earnings at the level of an average production worker (APW). If one looks at Table 20,

Table 20. Cash Transfers as a Percentage of Gross Earnings of a Married Couple with Two Children, at the level of an APW, average 1972-1976 (Rank -Order)

1. Belgium	13.3	10. Denmark	4.9
2. Italy	10.7	11. Switzerland	4.1
3. France	10.5	12. Finland	3.7
4. Austria	8.9	13. Canada	3.6
5. Sweden	7.3	14. United Kingdom	2.3
6. Netherlands	6.9	15. Ireland	2.2
7. Germany	6.0[a]	16. Australia	1.9
8. New Zealand	6.0	17. Japan	0.0
9. Norway	5.1	18. United States	0.0
Average	5.4		
St. Dev.	3.7		

Source: OECD 1978, The Tax/Benefit Positions of Selected Income Groups in OECD Member Countries, 1972-1976, p. 98, Table 8, own calculations

a) Only 1975 and 1976

36) This section will primarily focus on the period around 1980 because of lack of data for earlier years.

one can see that the gross wage of an average married production worker, whose spouse does not receive a salary, consisted of a considerable part of transfers in nations such as Austria, France, Italy and Belgium. These are the nations all scoring more than (or close to) one standard deviation above average. Germany and the Netherlands, as well as Sweden and New Zealand are above average as well, whereas the majority of the Anglo-Saxon nations are considerably below average. This gives some more support to the hypothesis that social capitalism is characterized by a transfer-bias in the social security system and that especially families with children tend to benefit from this in terms of cash transfers.

To have a closer look at the family-bias in the social systems of OECD-nations it makes sense to look again at the differences in disposable income between various household compositions. For disposable income is income after tax and social security contributions have been paid and transfers have been received. Table 21 gives disposable income as a percentage of gross earnings at the level of an APW in 1978, according to different household compositions.

Table 21. Disposable Income as % of Gross Earnings at level of APW, 1978, Selected Household Compositions

Country	1 Single	2 Two Adults, One Income, No Children	3 Two Adults, Two Incomes[a], No Children	4 Two Adults, One Income, Two Children	5 Two Adults, Two Incomes[a], Two Children
1. Australia	78	84	81	87	83
2. Austria	76	78	78	93	87
3. Belgium	74	75	72	90	82
4. Canada	79	83	81	91	87
5. Denmark	61	67	64	71	66
6. Finland	68	71	71	80	77
7. France	71	86	83	98	89
8. Germany	67	74	70	79	73
9. Ireland	72	79	71	84	75
10. Italy	83	86	84	91	87
11. Japan	85	87	86	90	88
12. Netherlands	65	67	66	75	71
13. New Zealand	72	74	75	80	77
14. Norway	68	74	70	80	75
15. Sweden	64	67	67	75	73
16. Switzerland	78	81	77	86	80
17. United Kingdom	69	73	75	81	80
18. United States	75	79	73	82	76
Average	73.1	76.9	74.7	84.1	79.2
St. Dev.	6.9	6.7	6.5	7.2	6.7

a) It is assumed that the spouse earns 66 % of the APW-wage so that total earnings equal 166% of APW-wage.

Source: OECD, 1980, La Situation Au Regard de l'Impôt et des Transferts Sociaux de Certains Groupes de Revenus Dans les Pays Membres de l'OCDE, 1974-1978, Tables 32-36, pp. 130-132

Looking at the first column it is clear that the disposable income for singles as a percentage of gross earnings in the Scandinavian countries is comparatively low. Germany and the Netherlands score relatively low as well (67 and 65 per cent respectively), that is about a standard deviation below average. Comparing the first and the second column shows that in all nations disposable income for a one-earner couple without children as a proportion of gross earnings is higher than for singles. A remarkable result appears when one compares the first and the third column, that is disposable income of a single and of a two-earner married couple without children. In most nations the disposable income of the latter as a percentage of gross earnings is higher than for singles, except in Belgium, Ireland and Switzerland. These nations, then, appear to disfavour household compositions where both spouses earn an income. In addition -comparing column 2 and 3- one notices that in most nations disposable income as a percentage of gross earning for a two-earner married couple without children is lower than for a comparable couple where only one income is earned. However, in some nations (Austria, Finland and Sweden) there is no difference, whereas in New Zealand and in the United Kingdom disposable income for a two-earner married couple as a percentage of gross earnings is actually higher than in the one-earner case. Furthermore, it is clear (from column 4) that disposable income is highest for a one-earner married couple with children, with France scoring an exceptional 98 per cent of gross earnings for a one-earner married couple with children, Austria 93%, Italy 91% and Belgium 90% of gross earnings. At the same time, this is not exclusively a social capitalist attribute, with Canada scoring 91% and Japan 90% and the Netherlands (75%) and Germany (79%) being close to the Scandinavian countries. Finally, all nations appear to disfavour paid work for women with children (comparing columns 4 and 5).

Table 22 gives more detailed information on the relative position of various households in the tax-benefit structure of a welfare state.

Table 22. Percentage Change in Disposable Income as Percentage of Gross Earnings, Moving from One Household Composition to Another, at the Level of an APW, 1978

	1	2	3	4	5	6
1. Australia	7.69	11.54	-3.57	-4.60	6.41	5.13
2. Austria	2.63	22.37	0.00	-6.45	14.47	7.19
3. Belgium	1.35	21.62	-4.00	-8.89	10.81	10.81
4. Canada	5.06	15.19	-2.41	-4.40	10.13	5.06
5. Denmark	9.84	16.39	-4.48	-7.04	8.20	8.19
6. Finland	4.41	17.65	0.00	-3.75	13.24	4.41
7. France	6.17	20.99	-3.49	-9.18	9.88	11.11
8. Germany	10.45	17.91	-5.41	-7.57	8.96	8.95
9. Ireland	9.72	16.67	-10.13	-10.71	4.17	12.50
10. Italy	3.61	9.64	-2.33	-4.40	4.82	4.82
11. Japan	2.35	5.88	-1.55	-2.22	3.53	2.35
12. Netherlands	3.08	15.38	-1.49	-5.33	9.23	6.15
13. New Zealand	2.78	11.11	1.35	-3.75	6.94	4.17
14. Norway	8.82	17.65	-5.41	-6.25	10.29	7.36
15. Sweden	4.69	17.19	0.00	-2.67	14.06	3.13
16. Switzerland	3.85	10.26	-4.94	-6.98	2.56	7.70
17. United Kingdom	5.80	17.39	2.74	-1.23	15.94	1.45
18. United States	5.33	9.33	-7.59	-7.32	1.33	8.00
Average	5.42	15.23	-2.93	-5.71	8.61	6.62
St. Dev.	2.81	4.63	3.21	2.56	4.26	3.08

Source: OECD, 1980, La Situation Au Regard de l'Impôt et des Transferts Sociaux de Certains Groupes de Revenus Dans les Pays Membres de l'OCDE, 1974-1978, Tables 32 - 36, pp. 130 - 132, own computations

The first column of Table 22 shows the increase in disposable income (as a percentage of the disposable income of a single man) as the household composition changes from a single man to marriage without children, where the wife has no income. It reveals that in Germany the positive change is the largest (10.45%), immediately followed by Denmark (9.84%) and Ireland (9.72%). The second column shows the increase in disposable income (as a percentage of the disposable income of a single man) as the household composition changes from a single man to marriage, with two children, where the wife has no income. All nations score positively, indicating that all tax-benefit systems do favour families with children. Austria (22.37%), Belgium (21.62%) and France (20.99%), being one standard deviation above average, do so disproportionally, whereas Germany, Finland, Norway and Sweden are above average as well. Italy is the one social capitalist nation which appears not to favour families with children very strongly and is with 9.64% more in line with Japan and the United States.

Column 3 displays the effect (as a percentage of disposable income of a two person household where the wife has no income) on disposable income as the household

composition moves from a one to a two income household without children. Remarkable is that in most nations the effect is negative, that the largest negative effect takes place in Ireland (-10.13%) and that New Zealand and Britain show a moderate positive effect. In column 4, the most relevant for our purposes, the same effect is presented for the case of moving from a family with 2 children where the wife does not have an income to the situation where she does (as a percentage of the disposable income of a two child one earner family). The negative effect is largest in Belgium, France and Ireland (all one standard deviation under average), while Austria, Germany and Switzerland score above average, too, as do Denmark, Norway and the United States.

One could also look -as in column 5- at the 'jump' from a single household to a situation where the household consists of two children and both spouses are earning an income. As can be expected, there is an increase in all nations of disposable income (as a percentage of the disposable income of a single man), with Austria, Finland, Sweden and the United Kingdom clearly in the top. The changes are, however, less dramatic than in the case of the increase in disposable income (as a percentage of the disposable income of a single man) as the household composition changes from a single man to marriage, with two children, where the wife has no income. To give an idea of the effect of the fact that a married wife earns an income, too, I calculated the difference between column 2 and column 5 as displayed in column 6. The smaller the number the less difference it makes whether a married wife with children earns an income or not in terms of disposable income. The larger the number, the more difference it makes and the less disposable income as a percentage of a single man remains. This number, then, can be interpreted as the relative disadvantageing of women with children as a result of the tax-benefit structure of a welfare regime. Again, the finding is that Belgium, France and Ireland appear to be especially disadvantageous for married women, in particular when they have children. Austria, Denmark, Germany, Norway, Switzerland and the United States score relatively high, too. Italy and the Netherlands are the social capitalist countries that do not appear to disadvantage women (or benefit the family) in this sense.

Looking at Table 23, which makes use of the information from Table 22 (column 4), shows that both the strength of the Left and of Christian Democracy are related to

the effect on disposable income of a working wife with two children, but in different directions. Christian Democracy appears to enhance the negative impact on total disposable income when a married mother of two children enters the labour market, while the variable representing Left strength tends to diminish this effect[37]. The information form the residuals showed that the nations of interest all had negative residuals, which in this case indicates that in these countries the negative impact of Christian democracy and the positive impact of the Left variable was less than anticipated.

Table 23. Ordinary Least Squares Regression, Dependent Variable = Absolute Values of Column 4, Table 22

	Variable Name	Estimated Coefficient (Beta)				
1	LPS80	-0.37868*	H_0:		H_0:	
2	CPS80	00.48941**	B1=0		B1=B2=0	
			F:	3.827	F:	5.377
			PR:	6.81%	PR:	1.64%
	R^2 (Adj.)	.365				

(* : significant at 0.1 -level; ** : significant at 0.05 -level;
***: significant at 0.01 -level; F = F-statistic; PR = probability value)

Concluding Remarks

The overall conclusion is that on most indicators I constructed to test hypotheses on the distinctiveness of social capitalism as a welfare state regime and the relative impact of Christian Democracy on this regime, the specified hypotheses could not be rejected. The central thesis seems plausible. Nevertheless, considerable variation among the social capitalist nations themselves was found by looking at the residuals of the estimations and at the rank-order of nations according to various indicators.

37) Jarque-Bera test : 0.535 (Chi^2, 2 df), Pr : 76.53; White's test : 2.368 (Chi^2, df 4), Pr : 66.84; Goldfield-Quandt : 0.857 (F 7,7), Pr : 57.78; Outlier-test: 2.260, critical values 3.62 (5%), 4.48 (1%). Various specifications of tests for functional form did not lead to the rejection of the null-hypothesis that the standard assumptions of the regression model apply.

Thus, as far as cash benefits were concerned, the finding was that the Dutch configuration of state, market and family relied more on these benefits than the Italian and German varieties. Looking at the labour force participation of the population -and of the female population in particular- showed that the German welfare state did not appear to be as disadvantageous for women as the Dutch regime. In general, Christian Democracy does not favour gainful employment of married women with children. The management of the social security schemes under bi- or tri-partism was unexpectedly pronounced in the Netherlands in comparison to the Italian and the German way of administering the systems. The insurance-bias of social capitalism was spotted as more articulate in Italy and the Netherlands than in Germany. Benefit differentials and benefit inequality was low in Italy, but the average replacement rates in this nation was also low. The German and Dutch versions of social capitalism performed as expected as to differentiation in the benefit structure. Finally, the fragmentation of social security systems in terms of occupationally separate schemes was quite articulate in Italy and less so in Germany and the Netherlands. These considerations justify a more detailed analysis of the conditions under which both social capitalism and Christian Democracy emerged in Germany, Italy and the Netherlands.

Appendix 1:

Sources and Summary Statistics of the Variables Used in the Regression Equations (in order of appearance in text).

1. Expenditure of Social Security Schemes as Percentage of Gross Domestic Product, 1960

Source: ILO, The Cost of Social Security, Basic Tables, various years

Arithmetic Mean =	10.55556	Geometric Mean =	10.13500
Variance =	8.37914	Standard Dev. =	2.89467
Minimum =	4.90000	Maximum =	15.40000
Number of values =	18		

2. Gross Domestic Per Capita at Current Prices and Current Exchange Rates in US Dollars, 1960

Source: OECD, National Accounts, various years

Arithmetic Mean =	1366.94446	Geometric Mean =	1256.67395
Variance =	307710.59400	Standard Dev. =	554.71667
Minimum =	477.00000	Maximum =	2841.00000
Number of values =	18		

3. Unemployment as Percentage of Total Labour Force, 1960

Source: OECD, Historical Statistics

Arithmetic Mean =	2.41667	Geometric Mean =	1.81210
Variance =	3.55250	Standard Dev. =	1.88481
Minimum =	0.40000	Maximum =	6.40000
Number of values =	18		

4. Proportion of Aged (= 65 or Older) as a Proportion of Total Population, 1960

Source: SSIB-date files

Arithmetic Mean =	0.09889	Geometric Mean =	0.09685
Variance =	0.00037	Standard Dev. =	0.01912
Minimum =	0.06000	Maximum =	0.12000
Number of values =	18		

5. Number of Union Members as a Proportion of the Total Labour Force, 1960

Source: SSIB-data files

Arithmetic Mean =	0.39222	Geometric Mean =	0.36841
Variance =	0.01854	Standard Dev. =	0.13616
Minimum =	0.17000	Maximum =	0.66000
Number of values =	18		

6. 'Competition' or Interaction between Social Democracy and Christian Democracy, 1960

Source: see LPS60 and CPS60

Arithmetic Mean =	6.28062	Geometric Mean =	1.14034
Variance =	58.56137	Standard Dev. =	7.65254
Minimum =	0.00420	Maximum =	23.24758
Number of values =	18		

7. Net (After Tax) Pension as a Proportion of Average Worker Wage, Weighted by the Take-Up Rate (Proportion of Population 65 or Older Receiving a Social Security Pension), 1960

Source: SSIB-date files

Arithmetic Mean =	0.21722	Geometric Mean =	0.18494
Variance =	0.00961	Standard Dev. =	0.09803
Minimum =	0.02000	Maximum =	0.38000
Number of values =	18		

8. Left Parliamentary Seats as a Proportion of Total Parliamentary Seats, Average 1946 (or Nearest Year) - 1960

Source: Thomas T. Mackie and Richard Rose (1991), The International Almanac of Electoral History (Fully Revised Third Edition), Houndsmill (MacMillan)

Arithmetic Mean =	0.36549	Geometric Mean =	0.29024
Variance =	0.02155	Standard Dev. =	0.14679
Minimum =	0.00840	Maximum =	0.52240
Number of values =	18		

9. Parliamentary Seats of Christian Democracy as a Proportion of Total Parliamentary Seats, Average 1946 (or Nearest Year)- 1960

Source: Thomas T. Mackie and Richard Rose (1991), The International Almanac of Electoral History (Fully Revised Third Edition), Houndsmill (MacMillan)

Arithmetic Mean =	0.16739	Geometric Mean =	0.76680
Variance =	0.03709	Standard Dev. =	0.19258
Minimum =	0.00000	Maximum =	0.48120
Number of values =	18		

10. De-commodification as Weighted Average Net Replacement Rates of Major Income Replacement Schemes, Weighted by Social Security Expenditure, 1960

Source: SSIB-data files and ILO (see variable 1)

Arithmetic Mean =	4.86806	Geometric Mean =	4.16468
Variance =	6.24616	Standard Dev. =	2.49923
Minimum =	1.30900	Maximum =	9.33300
Number of values =	18		

11. The difference between the take-home pay plus cash transfers of a family with two children and the take-home pay plus cash transfers of a single (expressed as a percentage of gross earnings)in 1981 (Take-home pay=gross earnings minus income tax and employee's social security contributions);

Source: OECD (1986), The Tax/Benefit Position of Production Workers, 1981-1985, Paris, Table 4, p. 53.

Arithmetic Mean =	11.67222	Geometric Mean =	11.25271
Variance =	9.75312	Standard Dev. =	3.12300
Minimum =	5.60000	Maximum =	18.20000
Number of values =	18		

12. Gross Domestic Product Per Capita at Current Prices and at Current Purchasing Power Parities, 1980

Source: OECD, National Accounts, Various Years

Arithmetic Mean =	8597.66699	Geometric Mean =	8465.00977
Variance =	2170398.50000	Standard Dev. =	1473.22729
Minimum =	4978.00000	Maximum =	11794.00000
Number of values =	18		

13. Cash benefits as a proportion of total benefits of social security schemes, 1960

Source: ILO (1964), The Cost of Social Security, 1958-1960

Arithmetic Mean =	0.75389	Geometric Mean =	0.74867
Variance =	0.00730	Standard Dev. =	0.08545
Minimum =	0.53000	Maximum =	0.87000
Number of values =	18		

14. Labour Force Participation (%) of Women, 1960

Source: OECD, Historical Statistics

Arithmetic Mean =	58.31111	Geometric Mean =	57.13320
Variance =	132.67210	Standard Dev. =	11.51834
Minimum =	37.20000	Maximum =	78.30000
Number of values =	18		

15. Labour Force Participation (%) of Men, 1960

Source: OECD, Historical Statistics

Arithmetic Mean =	83.33334	Geometric Mean =	83.21521
Variance =	19.32999	Standard Dev. =	4.39659
Minimum =	75.40000	Maximum =	89.40000
Number of values =	18		

16. Unemployment as Percentage of Total Labour Force, 1960

Source: OECD, Historical Statistics

Arithmetic Mean =	4.71111	Geometric Mean =	3.63588
Variance =	6.02432	Standard Dev. =	2.45445
Minimum =	0.20000	Maximum =	7.70000
Number of values =	18		

17. Number of Union Members as a Proportion of the Total Labour Force, 1960

Source: SSIB-data files

Arithmetic Mean =	0.45500	Geometric Mean =	0.41984
Variance =	0.03251	Standard Dev. =	0.18032
Minimum =	0.20000	Maximum =	0.81000
Number of values =	18		

18. Number of central social security schemes (old-age, invalidity, and survivor programs; sickness and maternity; work-injury programs; unemployment benefit programs; family allowances) controlled by bi- or tri-partism, 1979

Source: U.S. Department of Health and Human Services (1980), Social Security Throughout the World, 1979, Research Report 54

Arithmetic Mean =	1.22222	Geometric Mean =	0.74246
Variance =	1.61728	Standard Dev. =	1.27172
Minimum =	0.00000	Maximum =	4.00000
Number of values =	18		

19. Share of Financing of Social Security Schemes (Unemployment and Pensions) of Insured Plus Employers as a Proportion of the Share of the State, 1960

Source: SSIB-date files

Arithmetic Mean =	3.01471	Geometric Mean =	0.72957
Variance =	9.47633	Standard Dev. =	3.07836
Minimum =	0.00000	Maximum =	10.00000
Number of values =	17		

20. Fragmentation as the sum of special schemes within the major programs of Old Age, Invalidity and Death, Sickness and Maternity, Work Injury, Unemployment, and Family Allowances added to the number of occupationally distinct public pension schemes, Around 1980

Source: SSIB-data files; Esping-Andersen (1990), The Three Worlds of Welfare Capitalism, Cambridge (Polity), p. 70.

Arithmetic Mean =	6.27778	Geometric Mean =	4.69086
Variance =	20.75617	Standard Dev. =	4.55589
Minimum =	1.00000	Maximum =	15.00000
Number of values =	18		

21. The change in disposable income moving from a family with 2 children where the wife does not have an income to the situation where she does (as a percentage of the disposable income of a two child one earner family): column 4 of table 22

Source: OECD, 1980, La Situation Au Regard de l'Impôt et des Transferts Sociaux de Certains Groupes de Revenue Dans les Pays Membres de l'OCDE, 1974-1978, Tables 32 - 36, pp. 130 - 132

Arithmetic Mean =	-5.70778	Geometric Mean =	5.05645
Variance =	6.18944	Standard Dev. =	2.48786
Minimum =	-10.71000	Maximum =	-1.23000
Number of values =	18		

PART III

NATIONAL EXPERIENCES

CHAPTER 8

THE CONSTITUTION OF SOCIETIES: CHRISTIAN DEMOCRACY AND SOCIAL CAPITALISM IN GERMANY, ITALY AND THE NETHERLANDS

The main rationale for concentrating on Germany, Italy and the Netherlands as appropriate cases of Christian Democratic power and social capitalism is given by the conclusions of the preceding chapter. The thesis on the distinctiveness of social capitalism and its political determinant in general was found to be plausible. Nevertheless, there existed considerable variation among the nations of interest.

The most satisfactory method for inquiring into the reasons for these differences would consist in an analysis of the conditions under which post-war Christian Democracy came to power and the extent to which these conditions explain the heterogeneity of social capitalism in these nations. Dealing with Christian Democracy, the focus on structural and contingent conditions assumes a specific meaning. For it is my own claim (in Chapter 2) that the distinguishing features of Christian Democracy imply that the movement is always in principle (by virtue and by necessity of the self imposed political position) 'bipolar' (or rather 'multi-dimensional'), 'flexible' and in possession of a highly developed capacity to adapt in its attempt to formulate a compromise of antagonistic interests through the model of social capitalism. Christian Democracy -I argued- represents the embodiment of societal accommodation, which makes it quite complicated if not impossible to express any definite statement *a priori* as to any precise historical compromise. In other words, an analysis of conditions is vital for understanding the specific historical character of a Christian Democratic movement and therefore of any historically specific variant of social capitalism.

The choice for the countries was furthermore defended (in Chapter 1) by arguing that Italy -in contrast to Germany and the Netherlands- is a nation where Catholicism constituted the religion of the majority of the population. Christian Democracy has largely depended on the existence of an integrated Catholic subculture. In Germany and the Netherlands Catholicism has been the religion of a considerable minority of the population. The intriguing problem for the latter two nations is why Christian Democracy emerged as a cross-Confessional union of forces in Germany, while in the Netherlands segmented confessional blocs reappeared. A concern is whether the recognition of these differences in the character of Christian Democracy advances the understanding of the diverging developments in social capitalism. The major proposition of the following chapters, however, is to view the differences between the nations under scrutiny as effects of their digressing historical experiences.

The establishment of Christian Democracy and social capitalism in Germany and -to a lesser extent- in Italy cannot be properly appreciated but by reference to their respective burdens of Fascist totalitarianism and warfare. If anywhere, it was in these nations that the terms of a new social contract (Rosanvallon 1981) had to be negotiated.

Granted, the actual conditions of Italy and Germany immediately after the termination of the hostilities differed considerably. Germany was in complete disarray after its effort of total war and its conditional surrender to the allied forces. Italy's war experience was unique and ambiguous. Ultimately, the Italian anti-Fascist resistance had been able to take up arms and participate in the liberation of the northern part of the country from Mussolini's Fascists and the German armies. In Germany the economic infrastructure was thoroughly cracked; major cities were ruined by ruthless and undirected bombing; and the population was demoralized and dislocated at an immense scale. The devastation of the Italian economy, on the other hand, turned out to be much less severe than feared. The bank of Italy calculated the damage of industry at a mere 8 percent, large parts of the nation had survived the war relatively untouched, while the refugee problem was not in any sense comparable to the German tragedy.

Yet, the similarity in the nations' starting position is undoubtedly notable. Both nations faced the huge task of substituting the all-embracing and penetrating totalitarian state by a revitalized civil society. Political forces had to be re-established or newly founded. An entirely new political-administrative constitution had to be designed in which built-in safeguards against despotic threats were to be incorporated. Moreover, in both nations a state-edifice had to be erected if not from scratch than at least from the remnants of what still represented the civilized world of pre-Fascist democracy. The decisions taken in the first decade after the war were therefore in many ways foundational: they determined and demarcated the very settlement of state and civil society. And what is more, this was done under and went parallel with the growth of Christian Democratic power. In Germany, Social Democrats were excluded from government until late 1966. Democracy Italian Style (LaPalombara 1987) excluded the Communists in 1947 from power at the national power to which they have not been allowed back yet.

In historical retrospective, the Second World War provided much less of a break in the Netherlands. The re-appearance of the pre-war 'pillarized' social and political structures and with it the surfacing of Confessional politics might indicate a clear tendency towards restoration in this nation. The threat to democracy had come from outside and as a result no societal reordering in this respect was necessary. A restoration would suffice. The defeat of the German armies ushered in the immediate de-Nazification of Dutch society and the trial of traitors. Two years after the liberation the Netherlands looked very much like the pre-war society, except for the horrendous fact, that the Dutch Jewish population had been massacred by the Nazi holocaust[1].

However, some important changes had taken place at the political level. An attempt to redesign and modernize Dutch society in the immediate post-war years had been effective in two central aspects: a substantial conversion of Dutch Social Democracy and the construction of a coalition between this renewed movement and social Catholicism. Unlike in Germany and Italy, the Left participated in power until the Social Democrats were expelled from government in the late 1950s. The peculiar Dutch generous version of social capitalism must largely be explained against this background of an alliance between Social Democratic and Catholic reformism in the first decade or so after the war.

In the subsequent chapters on Germany, Italy and the Netherlands I focus on nationally specific developments. Thus, for Germany I analyze the establishment of Christian Democracy, the Basic Law and the 'social market economy' in terms of the mobilization of bias towards the reconstruction of capitalism as the context within which to interpret the failed attempt to introduce social reforms and the gradual return to traditional forms of social policy, culminating in the Pension reform of 1957. For Italy, I look at the debate around the Constitution and at the conditions of Christian Democratic dominance as the background against which to view the rise of institutional clientelism and the particularistic welfare state, that is so characteristic for this nation. With respect to the Netherlands, the condition of 'pillarization' and its tenacity form the relevant contextual elements for an account of the dominance of confessional politics and the emergence of a curiously generous form of social capitalism.

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1) The sad estimation is that of the 140,000 people that the Nazi's had 'classified' as 'Volljuden', 100,000 did not survive the concentration camps.

CHAPTER 9

GERMANY

In Germany, Christian Democracy (Christlich-Demokratische Union, CDU; Christlich-Soziale Union, CSU) emerged as a new alliance of political forces and became one of the leading actors actively involved in the process of reconstruction. After twelve years of Nazi-dictatorship and 6 years of warfare the conditions of the first phase appeared to provide unique prospects for a fresh start. Constraints, however, on the possible configuration of societal power relations were set, not merely by the prevailing internal conditions, but above all by the presence of a coalition of foreign powers occupying the country.

The 'Weichenstellungen' for the reconstruction of politics and society were set in the period 1945-1950 under the leadership of Christian Democracy. Christian Democracy not only managed to formulate a relatively consistent plan for the reconstruction and reformation of society, but -within and in line with the exceptional structural constraints of the period- proved to a large extent to be capable of implementing the German version of social capitalism: the social market economy ('die soziale Markwirtschaft'), a combination of neo-Liberal economic policies and traditional social policies.

The main questions structuring this chapter are: 1) what are the characteristics of Christian Democracy in Germany; 2) why did the neo-liberal model of the 'social market economy' become dominant and what was the role of Christian Democracy; 3) what establishes the 'social' element of this model in terms of social policy?

Christian Democracy in Germany: Integration and Pluralism

Perhaps even more than in Italy or the Netherlands 'integration' is the key for understanding the history of Christian Democracy in Germany in the immediate postwar phase. The centre-right movements of German politics, in particular, reorganized in unity through Christian Democracy in the conviction that "their old party traditions were either inadequate or completely inviable. This held true particularly of the Liberal and Protestant-conservative groups, who had little confidence that much of their original following had survived the twelve years of ideological remoulding" (Heidenheimer 1960: 31). In fact, it is crucial to understand that "Christian Democracy has been *the* vehicle through which German conservatives have

come to accept liberal democracy" (Irving 1979: 163). This fact already may clarify a fundamental conservative disposition of German Christian Democracy. Since only the pre-war Catholic party, the 'Zentrum', to a certain extent had been able to resist "the trend towards ideological disintegration which dogged the German party system" (Heidenheimer 1960: 40), the leading role of Catholics in the foundation of Christian Democracy was particularly conspicuous, in spite of the fact that the 'Zentrum', too, had voted in favour of the Enabling Act that had brought Nazism to power in 1933.

The main ideological and integrative theme present from the beginning, then, concerned the stressing of general Christian values, both as a moral rejection of the atheist, immoral and materialistic Nazism and as a manner of distinction *vis à vis* Social Democracy. The thrust of the Christian Democratic argument was that politics in Germany "would be based on Christianity in contrast to the inhumanity and moral degradation of Fascism" (Mintzel 1982: 133). A 'moral recovery' was argued to be a prerequisite for any social and economic recuperation. It was imperative to concede the importance of "the human and social values of Christianity after the interregnum of a brutal atheist regime" (Heidenheimer 1960: 32/33). Politics in the name of God, however, met resistance. First of all, because the German army had fought under the banner of 'Gott sei mit uns' against a military force that equally had claimed Divine protection. Orthodox Lutheran theologians, moreover, accepting the doctrine of the 'two realms', argued that "it was not appropriate for Christ's name to be associated with a necessarily morally imperfect political movement" (Heidenheimer 1960: 33). Catholics, by contrast, given their established involvement in politics, had little or no objections and "their leaders and program writers had no difficulty in padding the new party's frame with concepts taken over from the social encyclicals and earlier 'Zentrum' programs" (Heidenheimer 1960: 33), thus introducing notions with a definite integrative faculty.

With regard to party-politics the Christian Democratic attempt of integration aimed at attracting a differentiated electorate from various groups: the pre-war supporters of the 'Zentrum' and the highly fragmented former Protestant-conservative voters as well as other groups (see Ute Schmidt 1983: 515; 1987). Integration showed itself, too, in the attempt to create an inter-Confessional organization, in the endeavor to overcome the Confessional cleavage completely and in the self-identification of Christian

Democracy as fundamentally a people's party in the sense of cross-cutting class divisions (Pridham 1977: 26-28).

The inter-Confessional and cross-class character of German Christian Democracy must initially be interpreted as an effect of the experiences in Weimar Germany, where the Confessional as well as the class-based political cleavages had effectively blocked a possibly robust anti-Hitler coalition of the political centre and the non-Fascist right. Early Christian Democracy was therefore ardently and emotionally anti-Fascist. "Christian Democracy claimed to offer a fresh start and to be a completely new movement untainted by Nazism or any involvement with the discredited parties of the Weimar Republic" (Mintzel 1982: 132). The strength of inter-Confessionalism is largely an effect of the Nazi-experience, when Christians of all denominations found out that in the face of such brutality they at least had a shared Christian morality. In addition, the *de facto* separation of Germany in western and an eastern zone changed the balance of denominations in favour of Catholicism, which consequently reduced the anxiety within this subculture for Protestant domination (Bark and Gress 1989, 1: 115).

From the outset Christian Democracy in Germany was characterized by pluralism, both socially and religiously. Its inclination was towards the Right of the political spectrum, partly because of Christian Democracy being the only suitable and acceptable realliance of the centre-right and partly -as I argue below- as a result of the temperance of the ideological influence of the union wing of the movement and of the Dominican, traditionally Thomist, social Catholics of the so-called circle of Walberberg (Uertz 1981; see also Ute Schmidt 1983: 516f).

The ideological disposition to a reform-minded neo-liberalism, however, did not prevent German Christian Democracy from becoming genuinely cross-class and inter-Confessional (Irving 1979: 113). Various societal and religious groups could easily identify with a Christian Democratic Union[1]. This pluralism, based upon a more or

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1) "Catholics could regard it as the political arm of their network of religious and lay organizations and as the protector of Catholic social and cultural interests. Practicing Protestants viewed it as a symbol of a worthwhile alliance with the stronger Catholics, and as the protector of common values against the atheistic left. Liberals could accept it as embodying basic Liberal values within the supporting framework of a non-sectarian interpretation of the Western cultural tradition. Bourgeois elements could accept it for its avoidance of any mention of socialism. Those attracted to concepts of social solidarity, whether Catholic trade unionists or Prussian conservatives, could accept it in terms of a movement seeking to encompass, and reconcile, the claims of all social groups and classes" (Heidenheimer 1960: 35/36). The word 'Union', incidently, was chosen out of disgust of the discredited word 'Party'.

less abstracted and generalized faith in the values of Christianity, contributed to the establishment of the pivotal religious-secular cleavage of postwar German politics. As a result, both religion and class were important determinants of voting behaviour and what is more, these cleavages have remained relatively stable over time (Pappi 1984). Three characteristics of German electoral behaviour are fairly well established: Catholics are strongly in favour of the Christian Democratic Union, workers tend to vote Social Democracy (Sozialdemokratische Partei Deutschlands, SPD) and Protestants have a preference for the SPD. What is essential, however, is the extent to which religion overdetermines class voting. Linz (1967: 290) has shown that "the crosscutting of class and religious cleavages plays a decisive role in keeping many workers from the SPD (...)". 67% of male Protestant members of the working class voted for the SPD in 1953 against 47% of the male Catholics from the same class. 36% of Catholic workers voted Christian Democracy against only 16% of their Protestant counterparts. Only 28% of Catholic working-class women voted SPD; they voted in majority (54%) for Christian Democracy. The advantage of Christian Democracy among the Catholic working class in comparison with the Protestant working class comes for 21% from women and for 17% from men (Linz 1967: 291).

Catholicism, therefore, has been a strong cross-cutting factor in the working class but overdetermines voting-patterns of other classes as well. Table 1 shows that among Catholics Christian Democracy gained a plurality of votes from most classes and a majority from the salaried class and the farmers. From this information one can infer that, on average over the various classes, Catholics are over-represented in the Christian Democratic vote for about 20.5% and Protestants are over-represented in the SPD-vote for about 5%.

Table 1. Party Preferences of Protestants and Catholics by Occupation, 1953 (%); (p=Protestant; c=Catholic)

	workers		salaried		indep.		total middle		farmers		total	
	p	c	p	c	p	c	p	c	p	c	p	c
SPD	43	29	22	17	14	10	19	14	5	1	28	19
ZENT.	--	3	--	1	1	6	1	3	--	2	--	3
CDU	14	31	31	52	24	44	29	49	34	60	23	42
FDP	4	3	13	5	19	11	15	8	12	3	10	4
BP	1	2	1	3	1	5	4	3	6	13	1	5
DP	3	1	3	3	5	2	--	3	11	--	4	2
OTH.	3	3	3	1	4	1	4	1	2	3	3	2
BHE	5	5	3	4	5	3	4	4	5	--	4	4
NONE	27	23	24	18	28	18	25	15	26	18	27	20
(N)	730	779	429	353	245	276	674	629	209	204	1681	1649

(Source: Linz 1967: 302)

What about class distinctiveness? Looking at Table 2 and Table 3 one can get an impression of the class-distinctiveness of Social Democracy, Christian Democracy and Liberalism in Germany in 1953. Assuming that an equal distribution over all column categories of Table 2 would result, if voting were independent of class (i.e. all cells would contain roughly 25% of the vote of a class), an index of over- (+) respectively under- (-) representation of classes in party-vote (Table 3) can be constructed (a '0' would indicate no over- or under-representation). It is clear that the SPD disproportionally depends on the working class vote (+11), whereas Christian Democracy clearly relies on the middle class vote (+12). However, what is crucial and should be stressed here is that Christian Democracy's difficulty of attracting voters from the working class is much less critical (-2) than Social Democracy's inability to get proportionate middle class support (-8). An index of distinctiveness (D-index, Table 3, computed as the average of the absolute under- and over-representation of class in voting), furthermore, shows that Christian Democracy is the least class distinct (8.75), Liberalism the most class distinct (19.5), whereas Social Democracy appears to be somewhere in between (11.0) in terms of class distinctiveness.

Table 2. Class (of head of household) and Political Preference, 1953 (%)

	SPD	CDU/ CSU	FDP	OTHER/ NONE
Skilled Workers	39	23	3	35
Semiskilled Workers	36	26	3	35
Unskilled Workers	32	23	2	43
Subtotal Workers	36	23	3	38
Lower White Collar	23	38	8	31
Upper White Collar	14	42	11	33
Civil Servants	20	41	9	30
Businessman	13	29	16	42
Artisans	12	36	13	39
Free professions	5	47	18	30
Subtotal Middle Class	17	37	11	65
Farmers	4	46	8	42
Farm Workers	21	25	-	46
Total	24	32	7	37

(Source: Linz 1967: 287)

Table 3 Index of Class Distinctiveness of SPD, CDU/CSU, FDP, 1953

	SPD	CDU/ CSU	FDP
Workers	+11	- 2	-22
Middle Class	- 8	+12	-14
Farmers	-21	+21	-17
Farm Workers	- 4	0	-25
D-index	11.0	8.75	19.5

(computed from Table 2)

Recent research (e.g. Pappi 1984; Padgett and Burkett 1986) has suggested that these patterns of class and religious voting have been relatively stable over the whole postwar period. Padgett and Burkett (1986: 285), for instance, conclude that "the two main cleavages in the West German electorate run firstly along occupational lines, and secondly along Confessional, or religious/secular lines". They identified five voting 'blocs': 1) secular or Protestant manual (urban) workers (SPD); 2) secular white collar workers (SPD); 3) traditional middle class (CDU/CSU); 4) religiously (Catholic)

oriented manual workers (CDU/CSU); 5) self-employed (CDU/CSU). In terms of class, Christian Democracy's hard core consists of the support of the 'Mittlestand', whereas the bulk of the Social Democratic backing comes from the working class. Religion, however, moderates Christian Democracy's 'Mittlestands'-character substantially through the incorporation of segments of the Catholic workers.

The conclusion, then, is that Christian Democracy has been largely successful in winning both cross-class and inter-Confessional support already quite soon after its foundation and managed to keep its pluralist character during the decades following its establishment. This integrative capacity of Christian Democracy has been an important precondition for the ascendancy of Christian Democracy in Germany (see extensively on integration: Ute Schmidt 1983; 1987).

Basic Law, the Postulate of the Social State and the Social Market Economy

The West German 'Basic Law' ('Grundgesetz') of 1949 pictures the Federal Republic of Germany as a democratic and federal social state (article 20, 1)[2]. This article is known as the postulate of the social state ('Sozialstaatspostulat', Hartwich 1970). One of the crucial conditions for the development of the post-war German political economy concerned the fact that the postulate of the social state was deliberately formulated in an open, undetermined way (Seifert 1989: 44). The concrete materialization of laws shaping the edifice of the social state was thus made contingent upon the evolving political power structure rather than immediately pre-determined (Alber 1989: 59). The various competing models of the social state could therefore never claim to possess an exclusive or 'correct' interpretation of the postulate of the social state as formulated in the Basic Law.

Two models in fact competed for hegemony in the immediate postwar period: the Christian Democratic model of social capitalism and the model of Democratic Socialism as represented by Social Democracy (Hartwich 1970; Welteke 1976; Ambrosius 1977;). A model of the social state ('Sozialstaatsmodell') focuses on the main contents, directions and principles of the basic social and economic relationships.

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2) See for an adapted version of the Basic law: Hancock 1989: 157-178 and Conradt (1989:247-266).

The models up for competition in the 1949 elections represented real alternatives for charging the postulate of the social state with real content. These rival models, however, should not be conflated with the programs of the parties around 1949. More important are the concepts with which the main actors worked during the constitutional discussion. The difference between the competing concepts concerned primarily the question of the fundamental construction of the societal status quo in terms of property relations and the role and scope of state intervention.

The Christian Democratic model of social capitalism -in CDU/CSU-terms, the social market economy ('soziale Marktwirtschaft')- was first fully formulated in the so-called 'Düsseldorfer Leitsätze' of july 1949 (Hartwich 1970: 54-57; Rimlinger 1971: 140-148; Pütz 1976: 92-93; Ambrosius 1977: 195-213; Buchhaas 1981: 164-171; Leaman 1988: 50-58; Bark and Gress 1989, 1: 191-209). It projected a reconciliation of a pro-capitalist, or rather, pro-market stance and a positive belief in the moderating capacity of social and economic policy (Rimlinger 1971: 141). It is both directed against the laissez-faire doctrine and the doctrine of the controlled or planned economy[3)].

The Neo-Liberal bias in the theoretical concept of the social market economy originated in the theoretical debates among the members of the so-called liberal 'Ordo-Kreis' (see Peacock and Willgerodt 1989). In this sense the economic policy proposed by the Christian Democrats was barely distinct from the manifestos of the republican middle class in the Weimar Republic except for the stress on monopoly control. Monopoly control, motivated by the conviction of the necessity of free competition, has

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3) In the words of one of the founders of German social capitalism, Alfred Müller-Armack (1989: 82/83, originally 1956): "The idea behind the social market economy is that market freedom is combined with social balance (...). Competition is to be safeguarded by a clear structural framework if it is to be the main instrument of organizations in mass societies (...). The advocates of a social market economy share with Neo-Liberalism the conviction that while the functional importance of competition was recognized under the 'Old Liberalism', nevertheless insufficient attention was paid to social and sociological problems. In contrast to 'Old Liberals', Neo-liberals do not wish to restore a laissez-faire economy; their goals is a new kind of synthesis. The concept of a social market economy differs just as widely from an interventionist economic policy. This kind of policy mixes elements of central control with elements of the market economy to a point at which contradictory factors block each other and hamper economic performance (...). The concept of a social market economy may therefore be defined as a regulative policy which aims to combine, on the basis of a competitive economy, free initiative and social progress".

been an important element in the doctrine of the social market economy, although much less so in the practice of economic policy (Leaman 1988: 51).

According to the 'Leitsätze' -echoing the Neo-Liberalism of the Ordo-intellectuals- the new socio-economic order of the Federal Republic would consist of a "socially bound constitution of the commercial economy, in which the endeavours of free and able people are set in an order which yields a maximum of economic advantage and social justice for all. This order is created by freedom and obligation, which in the 'social market economy' express themselves through genuine competition and independent monopoly control (cited in Leaman 1988: 52). Competition had to be guaranteed, the monetary system was to be placed under central control and prices were to be freely determined. In addition, wage and price moderation was called for as a swift and lasting road to economic recovery. Private property would constitute the basis of the economic system and the spread of private property was encouraged as a means to overcome the demand for nationalization. Economic management should primarily consist of credit and monetary policy, although public investment was not excluded. Workers' participation in management was to be recommended (see Leaman 1988: 52/53; see also Ute Schmidt 1983: 536f).

With respect to social policy the CDU aspired a new societal order on the basis of social justice, socially responsible freedom and real human dignity. A comprehensive social policy for all economically and socially dependent groups was needed. The family was to be protected and the value of the working person was confirmed as well as the right to co-determination. A reorganization of the system of social security and social assistance was called for. In addition, there existed a right to work, both for men and women, although a woman ought not to be forced into a type of job that did not correspond to her female nature ('Wesensart', see Ute Schmidt 1983: 538). There was to be freedom of choice for occupation, fair and equal pay, a six day working week, safety protection, and a special program of aid to and compensation for war victims (as a duty of the people as a whole: 'Lastenausgeleich'). Displaced Germans and refugees were to be integrated in society, and a special program for social housing was considered to be necessary.

Social policy was conceived of as fundamentally subordinate and secondary to economic policy. The social market economy was essentially a liberal ordering of

economic relations, a kind of socially reformed capitalism ('sozialreformierter Kapitalismus', Ambrosius 1977: 207), in which the only problematic issue concerned the extent to which social reparations would have to be allowed. "The economy was not to be integrated into, controlled by and made more democratic through the social realm, but should be left to itself. Competition would be the factual organizing principle" (Ambrosius 1977: 207, my translation). In this context some important social policy implications of the essentially neo-liberal social market economy could already be discerned. Social policy within this idea of reformed capitalism would typically be passive, reactive and compensatory in nature, since its chief aim would be repair rather than prevention (Rimlinger 1971: 143)[4]. On the account of the Neo-Liberal wing of Christian Democracy the ideal social policy was to be founded in a sound and 'healthy' economic policy.

A further implication of the social market economy concerned the inherent ambiguity as to specific social policy measures. The predicament here is that the pure Neo-Liberal model in its ultimate theoretical implications would inhibit the expansion of the domain of collective social security, whereas at the same time the practice would (and in fact did) allow quite different developments. In one sense, this ambiguity produces certain ideological advantages. "The explicit goal of a social order which offers security, freedom, and social justice not only broadens the appeal of the social market economy but also makes it more effective as an ideological weapon in the hands of those who have adopted it" (Rimlinger 1971: 144)[5].

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4) The 'embodiment' of the social market economy and the 'Wirtschaftswunder', Ludwig Erhard, was quite clear in this respect: "If (...) social policy aims at granting a man complete security from the hour of birth, and protecting him absolutely from the hazards of life, then it cannot be expected that people will develop that full measure of energy, effort, enterprise and other human virtues which are vital to the life and future of the nation, and which, moreover, are the prerequisites of a social market economy based on individual initiative. The close link between economic and social policy must be stressed; in fact, the more successful economic policy can be made the fewer measures of social policy will be necessary" (as cited in Rimlinger 1971: 143).

5) In another sense, the ambiguity also leaves room for a critique of too active a social policy or too expansionist a welfare state in general. The Ordo-Liberal Walter Hamm (1989, originally 1981), for instance, applies the same Neo-Liberal perspective of the late 1940s in his analysis of the contemporary welfare state of the Federal Republic. He affirms that "it is absolutely essential that there should be some community provision against risks that are not privately insurable. Furthermore, it must be ensured that every individual is provided with basic provisions for sickness, old age and invalidity which will prevent his becoming a charge on the general public. What must be rejected are the exaggerations of the welfare state, perfectionist collective provisions against each and everything, without regard for the fact that a

(continued...)

Anti-monopolism is argued to have been the only *original* 'social' cornerstone of the dominant Neo-Liberal wing of Christian Democracy in Germany (Welteke 1976: 37f). Anti-monopolism, however, has been largely unsuccessful, since "*state inactivity has allowed capital concentration to proceed as if there were no countervailing legislation, let alone a commitment to anti-monopolism*" (Leaman 1988: 74, original emphasis; see also Welteke 1976: 37-42). The argument is that it was only as a result of the failure of anti-monopolism that Christian Democracy started to emphasize social policy as the real social attribute of the market economy.

There are two reasons why this may be an inaccurate interpretation. The first concerns the need to make a clear distinction between the Neo-Liberal rhetoric of the main advocates and the economic and sociopolitical practice of the successive governments dominated by Christian Democracy. But even if one would focus on the development of the idea of the social market, the interpretation would be deceptive, since it discards the very real 'social influences' (Hallet 1973: 21-24) on the social market economy. The philosophy of the model of the social state held by Christian Democracy in West Germany was simply not solely derived from classical Liberal doctrine. On the contrary, even in the very formulation of the Neo-Liberal point of view in the various manifestos promoting the social market economy one can detect typical social Catholic elements of economic thought. Time and again the vital role of 'small groups' in society is emphasized. Neo-Liberalism in its Anglo-Saxon version, by contrast, would rather underscore the crucial role of the individual, the firm and the state as the main actors in the economy. The leading 'Ordo'-intellectual Alexander Rüstow, furthermore, argued that the state had to protect capitalism from the capitalists (Bark and Gress 1989, 1: 207). And Wilhelm Röpke's point was that capitalism was not at all incompatible with the 'natural order of society'. The free market economy "cannot float freely in a social, political, and moral vacuum, but must be maintained and protected by a strong social, political and moral framework. Justice, the state, traditions and morals, firm standards and values (...) are part of this framework as are the economic, social, and fiscal policies which, outside the market sphere, balance

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5) (...continued)
substantially increased prosperity makes possible less, not more, collective provision" (Hamm 1989: 182).

interests, protect the weak, restrain the immoderate, cut down excesses, limit power, set the rules of the game and guard their observance (...). The free market is a necessary, but not a sufficient condition for a free, happy, wealthy, just, and orderly society" (as cited in Bark and Gress 1989, 1: 208).

The view that Christian Democracy started to emphasize social policy as the real social attribute of the market economy only after the failure of anti-monopolism seems implausible for yet another reason, namely on the basis of the observation that the Christian Democratically led governments of the 1950s were relatively active in the realm of social policy[6]. If anywhere the theoretical and ideological claims of the Neo-Liberal wing do not match the actual practice of German Christian Democracy in power, it is precisely in the field of social policy.

If too great an emphasis is placed on the Neo-Liberal economics of the social market economy -which certainly was present in the various publications of the advocates of the social market economy, in the party programs of Christian Democracy (starting from the 'Düsseldorfer Leitsätze'), and in the practice of the CDU/CSU dominated governments since 1949- one might easily underestimate or wrongly evaluate the importance of the 'social' side of social capitalism. The proper way of understanding social capitalism as the Christian Democratic model of political economy starts from the recognition that the social market economy has been a model in the strict sense, competing for hegemony in the period before 1948/1949, as well as a practice in the period since the foundation of the Federal Republic.

Social Capitalism and the Preconditions of Christian Democratic Power

The CDU/CSU gained a plurality of the vote in the elections of 1949 with social capitalism as its program. What were the conditions for this victory and what enabled the Christian Democrats to win these elections and make a start with the implementation of their version of social capitalism? One answer could be that the German Basic Law was already heavily biased towards the mix of Neo-Liberalism and social policy

6) This activity has led one student of the history of the German welfare state even to conclude that "the nearly universal coverage of employed persons and the relatively high levels of contributions and pensions clearly indicate that in spite of its Neo-Liberal leanings, the social market economy is in reality an advanced welfare state" (Rimlinger 1971: 184).

of the CDU/CSU-model. The provisional Constitution did not serve as the guiding force for social and economic policy, because "the results of the compromise over the Basic Law are above all the neutrality in economic policy and the openness of the Basic Law" (Seifert 1989: 44, my translation). There is therefore little reason to accept the view that the gist of the Neo-Liberal social market economy was already inaugurated in the Basic law.

The postulate of the social state and in particular the openness of its formulation may illustrate why. Both Christian Democracy and Social Democracy -uncertain as to the actual balance of power in post-occupied Germany- had an interest in an open formulation of the Basic Law and its social postulate in particular. Neither movement wanted to see its own model blocked in advance by constitutional constraints. Both the CDU/CSU and the SPD hoped to win the first post-war elections (1949) in order to be able to implement their own model of the social state. Reference to a CDU/CSU-bias in the Basic Law is not only incorrect, but, more importantly, tends to generate inadequate accounts of the post-war political struggle over the reconstruction of the German economy and polity and the success of Christian Democracy in the process.

Additionally, one could argue that even if it were the case that the Basic Law was formulated in such a way that it strongly favoured the CDU/CSU-model of the social state, this fact would still require explanation. Rather than looking at the Basic Law as the generator of bias and power one would have to look at the extra-constitutional constraints in occupied Germany that were advantageous for the Christian Democratic model and restricted the possibilities for Democratic Socialism.

The influence of the American occupying power (later in conjunction with Britain in the 'Bizone'), the dominant role of Christian Democrats in the Economic Council in the occupied zones and a range of institutional measures taken in the period preceding the constitution of the Federal Republic and the elections of 1949, determined a gradual shift towards an extra-constitutional bias in favour of the model of social capitalism. In this sense the institutionalization of social capitalism in Germany was pre-determined before Christian Democracy got hold of the legitimate power in the Federal Republic in the first coalition-government with the Liberals. In addition to this, the systematic integration of the western occupation zones into the Marshall plan, the linkage to the OEEC and the European monetary union, and the

increasing importance of the conflict between East and West resulting in the Cold War, are other momentous catalysts of this development (Hartwich 1970; Welteke 1976: 18f; Widmaier 1976: 31f; Ambrosius 1977; Abelshauser 1983; Bark and Gress 1989, 1).

Three 'internal' developments in the British and American zones were crucial for the establishment of capitalism in West Germany: 1) the hegemony of the forces of the United States; 2) the position and composition of the Economic Council ('Wirtschaftsrat'); and 3) the money reform of 1948.

The American dominance on the European continent expressed itself in the leading role of the United States and their real economic presence in the form of the economic recovery plan for Europe, the Marshall Plan. The hegemony of the United States became firmly established after the formation of the Bizone. The fusion of the British with the American occupation zones was economically decisive since the British zone included Germany's main industrial areas of the Ruhr, Lower Saxony, Hamburg and Schleswig-Holstein.

The politics of the American occupying forces has been accurately described as the politics of prejudicing through the prohibition of all prejudicing ("Politik der Präjudizierung durch Verbot aller Präjudizierungen", Hartwich 1970: 66). This policy was especially clear in the commands and decrees of the American military governor. These directives basically precipitated the preservation of the status quo and effectively blocked possible other models not principally committed to a restoration of the capitalist economy from becoming viable alternatives (see Welteke 1976: 25-28; Berghahn 1987: 177f).

The American military government promised that no measures would be taken that would deprive the German people of a real choice between a free and a Socialist economy (Welteke 1976: 26). The United States did not wish "to impose its own historically developed forms of democracy and social organization on Germany and believes equally firmly that no other external forms should be imposed" (cited in Hartwich 1970: 68). On the strictest interpretation, any attempt to change the status quo, for instance in a Democratic Socialist direction, would be an 'external form' being imposed on Germany. It was in this way that American foreign policy managed to organize a bias towards a free capitalistic market economy, without literally imposing their preferred economic order. This successful mobilization of bias in the years

preceding the elections of 1949 substantiated the American policy of allowing the final decision over the economic and social order to be taken through free elections in the certainty of the right outcome (see Hartwich 1970: 68).

In practice, the United States were able to influence the economic policy of the Bizone substantially on the basis of their large resources. In effect, the Americans controlled the 'Joint Export-Import Agency' as well as the 'Foreign Exchange Agency' for the simple reason that voting power was linked to the financial efforts of the participants. The completion of the development towards American hegemony in the western zones of occupied Germany consisted in the expansion of the Marshall aid and its effects on the increasing integration of Germany into the Western European capitalist economic system. The motivation of these policies was fueled by the American foreign policy conviction that economic nationalism had caused the collapse of the system of international relations. "This nationalism was to be replaced once and for all by a multilateral world trading system based on the principle of the Open Door (...). There was no question that a liberal representative constitution was deemed to be the political system most compatible with the Open Door" (Berghahn 1987: 183)[7].

The Economic Council of the united British and American zones functioned in favour of the Christian Democratic model of social capitalism. The legislation of this Council converged with the opinion of the Americans on economic structure and policy. In addition, the Economic Council was reorganized between 1947 and 1949 and came under Christian Democratic domination (Hartwich 1970: 95-101; Ambrosius 1977: 148f). Although the SPD and the CDU/CSU both had 20 seats, the combination

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7) The American dominance over the British in the Bizone could perhaps best be exemplified by the issue of socialization and nationalization of elementary industries, the anti-monopoly program, the establishment of the freedom of choice for career, place of work and profession, and the establishment of the co-determination in the mining industry. Of these only the last can be seen as the British contribution to the structuring of the German economy and society. Union leaders had demanded (and were granted) parity co-determination in the iron and coal industries in the British zone in 1947. "This innovation, which provided for the equal representation of labour and shareholders on company supervisory boards, institutionalized shared responsibility (and hence authority) for decisions affecting production, investments, and personnel policy in the firms in question)" (Hancock 1989: 77). Although the co-determination was not implanted in the Basic Law, the principle of co-determination did accord an extra social dimension to the market economy (Widmaier 1976: 33). Parity co-determination was extended to other industries in 1951. The introduction of forms of co-determination and workers' control can be seen as compensating the thwarted nationalization and in this sense a 'victory' of British politics. The German Union Federation and its leaders, too, "partly in return for rights of co-determination (...) have tabled any serious discussion of nationalization in favour of cooperation (...) on behalf of economic recovery and growth" (Hancock 1989: 78).

of the Christian Democratic seats with the 4 seats of the Liberals and the German Party (Deutsche partei, DP) procured an effective majority, even if the SPD would have cooperated with the Communist Party (Kommunistische Partei Deutschlands, KPD) that had 3 seats. In addition, the SPD immediately maneuvered itself out of power by rejecting a grand coalition with the Christian Democrats (Bark and Gress 1989, 1: 189).

The American hegemony in the western part of Germany and the Christian Democratic control of the Economic Council together explain another important factor that reinforced the bias towards social capitalism: the money reform. It was quite clear that the relationship between the quantity of money and the supply of goods was out of all proportions, causing a deplorable work-ethic, flourishing black markets and even hoarding (Abelshauser 1983: 46). The money reform, carried out by the Allied forces in the western zones, as well as other accompanying measures of the Economic Council restored the basic structures of the capitalist economy in the western part of Germany. Among the main measures were the creation of a stable currency, the reform of tax laws (including investment incentives through tax relief), and the decentralization of the banking system. These measures founded the primacy of the economy in Germany (Widmaier 1976: 34). The money reform consisted of the introduction of a new currency, the Deutsche Mark, an exchange of 60 old Reichsmarks at a ratio of 1:1, while credits were exchanged at a rate of 10:1, but large accounts at a ratio of 100 RM to 6,5 DM. Wages, pensions and rents were converted at a 1:1 ratio (Abelshauser 1983:50). The effect was immediate. The reform normalized economic transactions rapidly and restored the relationship between the value and quantity of money. The money reform, however, left property untouched (Abelshauser 1983: 50).

The American theory of a freedom for the German people in the choice for the proper economic and social order, therefore, was based upon the myth of historical contingency[8]. These reflections make plausible how in the period before the elections of 1949 and the inauguration of the Basic Law a bias was mobilized. The bias regulated the restoration of capitalist economic relations and inhibited from the outset

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8) "If for the moment the economic privileges of the occupation-policy were to remain in tact after the formation of a freely elected German government, then this would imply that such a freely elected government to a large extent would have to follow the already delineated route" (Hartwich 1970: 116, my translation).

any radical experiment that drew upon propositions of societal transformation. It explains to a large extent the vitality of the Neo-Liberal side of the social capitalist model of German Christian Democracy, too.

A significant further development -which is often overlooked but which I understand as vitally important for the establishment of the model of social capitalism in West Germany- concerns the fragmentary incorporation and in part elimination of the demands of the Left, laborite and Dominican wing of the Christian Democratic movement. Initially these groups had articulated a vehemently anti-capitalist reformist ideology.

A group, consisting of the old Christian labour movement leaders and members of the resistance-circle of members of the Dominican order ('Walberberger Kreis im Wiederstand gegen den Nationalsozialismus', Uertz 1981: 23f), mainly operative in the British zone, had formulated a social and political social Christian program for post-war Germany. This plan was partly based on the pre-Nazi designs and strategies of the Christian unions and partly on a revitalization of Thomist social philosophy. The Walberberger circle, in fact, founded the first post-war Christian Democratic 'party' in occupied Germany. The societal concept adhered to by members of the circle became rapidly known as 'Christian Socialism'. For the Christian Socialists the economy should be based on the self-government of labour and capital. Among the goals of this group were a wider diffusion of private property among workers, a just tax system, a fair distribution of material wealth, and comprehensive social legislation. The Christian Socialists determined the party-political developments of Christian Democracy in the British zone at least until 1947/1948 (Uertz 1981), even if the concept of Christian Socialism had already evaporated by that time[9].

The tendency within this group of Christian Democrats to opt for a merger with other progressive forces in society to constitute a broadly based 'Labour Party' is strikingly similar to the 'breakthrough' movement existing in the Netherlands in the immediate postwar period (see Chapter 11). The Christian Socialists, then, "tried to equip Catholics -Protestants entered into this tendency only marginally- to meet the challenge of the social and political upheaval by making explicit to them the large

9) The interesting detail is that the term did not disappear as a result of an increasing surrender to capitalist economic principles but as a consequence of ideological disputes.

amount of ground they held in common with Socialists with whom they would have to cooperate to fashion the new social order" (Heidenheimer 1960: 46). Christian Socialism was to be the vehicle for a massive realignment of the Left to which other social layers previously hesitant to be associated with Socialism could enter.

Almost immediately, Christian Socialists were attacked on the argument that Christianity and Socialism were antithetic, for in Quadragesimo Anno (1931) Christian Socialism was defined as a contradiction in itself. The definitive blow, however, came from the organizing Neo-Liberal wing and Adenauer's attempt to strike a deal between this wing and the Christian Socialists.

Adenauer primarily countervailed the 'Socialist agitation' from within his own ranks by formulating cautious compromises. It turned out that he was not able to win sufficient support for the more Liberal economic recovery program in the British zone in 1946, but by incorporating demands from the Socialist Christian wing[10]. The compromises on socialization and the manner in which the laborite demands were converted into a new social manifesto (the Ahlen-program) moderated if not rendered harmless the Christian Socialist influence. The new program, however, was mainly designed to camouflage the near-schism of the party into a group in favour of a program of socialization and a faction urging for a moderate reordering of large industries.

This is the background against which the renowned Ahlen-program must be interpreted, a program -in rhetoric at least- anti-capitalist, but already interlarded with Neo-Liberal elements as a result of which both Neo-Liberals and Christian Socialists could identify with the program (Uertz 1981: 103). Adenauer succeeded in integrating the labour wing into the party and thus tried to prevented the potential defection of workers to the Socialist camp (see Bark and Gress 1989, 1: 197)[11].

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10) Adenauer's tactical skills were enormous and his political pragmatism unmatched. In this sense, the political leader of the CDU and of Germany's resurrection was strikingly similar to his counterpart in Italy, the leader of the 'Democrazia Cristiana', Alcide De Gasperi (see for a comparative study on both: Corsini and Repgen 1979; for a biography of Adenauer, Schwarz 1986).

11) It is intriguing to note that the Christian Democratic Left was so firmly convinced of the real substance of the compromise, that the union leader Zimmerman said: "It is almost embarrassing to say that the political adversaries of the CDU once argued that Adenauer was a reactionary, so absurd are these reproaches. They have never had any influence whatsoever on the Christian workers. (...) Everything has become clear: Adenauer is not only the acknowledged leader of the CDU as a whole, but of the Christian workers in particular (...)" (as cited in Uertz 1981: 188, my translation).

It is conceivable that the mobilization of bias towards the restoration of capitalism through the money reform and similar economic reforms facilitated the eventual downfall of the more positively reformist forces within German Christian Democracy. The money reform in particular accorded the Neo-Liberal wing an advantage in the internal political struggle. The novel compromise between the increasingly strong Neo-Liberal forces and the social reformist wing consisted primarily in affirming the Ahlen-program as the determinant of the 'social' face of capitalism, whereas economic policy would be based upon the Neo-Liberal theory of the benefits of a free market economy. The developments in the period from the Ahlen-program to the incorporation of the theory of the social market economy in the 'Düsseldorfer Leitsätze' illustrates the shift from the pre-dominantly social reformist Christian Democracy to a movement that embraced free market capitalism as the secure and inevitable foundation of social justice. Gradually, even the former adherents of Christian Socialism, like for instance Jakob Kaiser, committed themselves to Erhardt's liberal economic policies, provoking the demise of Christian Socialism within the CDU (Uertz 1981). Perhaps another way of putting it is that for social capitalism to take effect capitalism had to be established first.

A third element in the account of the road to power of the model of social capitalism may be found in the socio-structural effects of the division of Germany, which significantly favoured Christian Democracy and provided a handicap for Social Democratic power mobilization. The political development in the western zones and the emerging dominant position of Christian Democracy was to a certain extent pre-determined by a transformation of the social structure. The ratio of Catholics and Protestants in the German Empire (1925) was 32.4 : 64.1, whereas this ratio in the Federal Republic (1950) amounted to 45.8 : 50.5 (Mintzel 1984: 27; see also Mintzel 1982: 133). The division of Germany cut off the Soviet zone with its traditionally Social Democratic and Communist strongholds. The predominantly Catholic areas of Bavaria, Rhineland-Palatinate and North-Rhine-Westphalia gained prominence as a result.

The organized bias towards the reconstruction of capitalist economic relations constituted a notable power resource for Christian Democracy in that the model of the social market economy flawlessly concurred with the constraints of the period. The complement of this development was the failure of German Social Democracy to mobilize a bias towards the model of Democratic Socialism or at least to formulate its own 'flexible response' to the changing circumstances. Such a move would have enabled Social Democracy to play a more distinguished role in the first years after the war than it did. The Social Democratic model of a socialist market economy was hopelessly anachronistic given the structural bias towards private market capitalism. The SPD was extremely slow in adjusting to the emanating new socio-structural configuration in (West) Germany. The Social Democrats found it particularly difficult to find a feasible answer to the challenge of Christian Democracy, especially since this new political movement managed to attract support from the working class as well. The 1946 program still relied predominantly on such notions as nationalization and central planning, all dogmatically formulated in the typical pre-Nazi style of class struggle. It took the Social Democrats until 1954 to get adjusted to the evolving and partly already institutionalized new power relations. The SPD's position on foreign security policy complicated matters further. It consisted of an attempt to establish a united Germany as a strong neutral state on the European continent, balancing the systems struggle between the United States and the Soviet Union (see Drummond 1982). Finally, the personal antagonism between Adenauer and the leader of the SPD, Kurt Schumacher, inhibited an opening to an already thwarted cooperation between the Christian Democrats and the Socialists[12]. In the Action Program of 1954 the SPD broadened its appeal to the people of the Federal Republic as a whole rather than to the working class alone. Under conditions of Christian Democratic hegemony Social Democracy increasingly accepted -or had to accept- the competitive market as a regulating and organizing principle of the economy and consequently started to downplay central

12) For an interesting, almost hilarious, account of the relationship between the two leaders, see Crawley (1973, especially pp. 118-132).

planning, culminating in the slogan of the 1954 Action Program: competition as far as possible, planning as far as necessary.

The final step in this slow process of adaptation, which resulted in the revised party program of 1959, was also inspired and most likely accelerated by the sweeping electoral triumph of Christian Democracy in 1957. The change of policy of German Social Democracy in the mid-fifties on the one hand may be interpreted as a belated development towards a modernized type of Social Democratic people's party, in line with developments elsewhere in Europe, notably in Sweden. However, one must be careful with such an account, because it tends to underrate the fact that German Socialism was forced into this metamorphosis under conditions of Christian Democratic dominance. The movement faced such a powerful opponent that it would be sheer suicide not to move into the direction of political power. In this sense, Social Democracy's transformation was not only a historical adjustment in line with developments elsewhere, but above all a necessary response to the accumulation of power in the hands of Christian Democrats[13].

It would be an exaggeration to appreciate the evolution of Social Democracy in Germany as a form of 'Christian Democratization'; yet, it is not simply a process of 'embourgeoisement' either. Perhaps one overstates the case if the argument is that the Social Democrats accepted and updated the idea of the social market economy (Hallett 1973: 17). The more realistic view would hold that the main political parties have approached each other in terms of ideology and policies, moderating both ardent Neo-Liberalism and stubborn pre-war Socialism[14].

The first elections after twelve years of dictatorship and almost four of occupation focused upon the choice between the social capitalist model of Christian Democracy and Social Democracy's alternative of Democratic Socialism. It is precisely as Adenauer himself put it: "Critical for the upcoming elections is the question: plan

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13) See on the history of German Social Democracy Miller and Potthoff (1986).

14) Christian Democracy may have shifted to the left with regard to economic and social policy, whereas Social Democracy has approached Christian Democracy on the issues of religion, foreign policy and (inter-) national security. As a consequence (as argued in chapter 2) the ideological convergence of the major parties has generally shifted the very nexus of politics to the left. In general, the 'embourgeoisement' of the Social Democratic movements has been matched by the Social Democratization of the Bourgeois parties (Manfred G. Schmidt 1985).

economy or market economy" (cited in Uertz 1981: 201, my translation). This remark, to be sure, was immediately corrected by one of the leaders of the labour wing, who argued that it was of course not merely the market economy but the *social* market economy which was up for competition with the Social Democratic model.

Christian Democracy acquired 31.0% of the vote in the 1949 Bundestag elections, whereas Social Democracy gained 29.2%. Yet, in 1953 Christian Democracy managed to win 45.2% against the 28.8% for the SPD. And in 1957 Christian Democracy triumphed with 50.2% of the vote, although the Social Democrats succeeded in gaining an additional 3% (31.8%). The Christian Democratic model of social capitalism, therefore, had achieved clear legitimacy in the first three Bundestag elections, a fact of which the political significance could hardly be overestimated. Germany was again among the respectable and democratic nations and the Christian Democratic movement could claim to have led the nation there by activating the model of social capitalism in practice.

The prestige, legitimacy, and consequently the weight of social capitalism as Christian Democracy's accomplishment was reinforced by the model's subsequent and unmatched economic success. Christian Democrats, again, could claim that their policies generated Germany's miraculous economic recovery (the 'Wirtschafts-wunder')[15]. Whether the economic miracle of West Germany was the result of the implementation of a coherent economic doctrine and a balanced long-term strategy of economic policy, or rather the effect of the competitive advantages of West German capital and its export-orientation[16], is irrelevant for the present argument. What matters is that the social market economy appeared to do very well and that Christian Democracy was its main architect.

In addition, the social market was clearly superior to the Socialist model as practiced in East Germany. The 'system competition' was won by the model of social capitalism. Moreover, Christian Democrats claimed that Christian values were

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15) Real GNP rose at an average of 8% per year between 1951 and 1960, industrial production by 9.6% per year. Real per capita nation product increased by an average of 5.6% per year between 1950 and 1965, compared with 2.0% for the USA, 2.3% for Britain, 3.7% for France and 2.6% for Sweden (Abelshauser 1983: 101).

16) Welteke (1976: 46) argues the latter to be the case.

systematically violated in the DDR. An effect of the 'system competition' on all fronts (with Berlin as the shop-window of western capitalism) was that it was increasingly difficult for the Social Democrats to continue to make use of the very term 'Socialism', which -given the experiences in the GDR- was subject to a dwindling respectability.

The Reconstruction of German Social Policy: Failed Reform[17]

Von Beyme has argued that in the period leading up to 1965 "the economy was largely left unregulated, but in social welfare policies Germany was in the lead, and only later fell behind" and the social policy achievements appear to "justify Harold Wilensky's hint (...) at the unjustified bias of a certain type of literature which ascribes all great achievements in welfare policies exclusively to Social Democratic rule. Some Christian Democrats even suspected that their own party went too far in a Socialist direction in the field of social welfare, thus creating a habit among all citizens of being taken care of by the state and thus weakening their own efforts to provide for social security" (Von Beyme 1985b: 5).

Between the various social and political actors actively engaged in the formulation of the Basic Law and the postulate of the social state basic agreement had existed on two fundamental points. First, the first freely elected democratic government of the Federal Republic would have a special obligation to initiate a reconstruction program for solving the immense social and economic problems of the immediate post-war period, among which were the acute needs of the mass of refugees, war victims and the so called 'displaced persons' (former slave labourers, prisoners and inmates of concentration camps[18]) as well as the problems of the damaged cities and industrial plants, the shortage of houses, and the task of reconstruction through investment, employment policy and food supply. Second, the configuration of political power was

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17) This section is mainly based on the outstanding study by Hockerts (1980) on social policy in Germany in the period 1945-1957. In addition, I consulted Hockerts (1981); Hentschel (1983); Baldwin (1990).

18) "According to Allied estimates there were at least 1.5 million Russian displaced persons, 1.2 million Frenchmen, 600,000 Poles, 350,000 Italians, 400,000 Dutch and Belgians, 100,000 Yugoslavs and thousands of nationals form other countries. All in all, probably some 25 million people were away from their former residences (...)" (Berghahn 1987: 179).

such that it gradually generated consent (not consensus) as to a basic commitment to the tradition of German social policy, resulting in a return to traditional social laws (Hockerts 1980: 21-106; Hentschel 1983: 145-159; Abelshauser 1983: 72; Alber 1989: 58-67). Perhaps one can speak of 'restorative social policy' (Widmaier 1976: 23) in the sense that instruments of social policy of the Weimar Republic were implanted in the Federal Republic. Yet, "the complete defeat of the German Empire in the second World War opened up (...) considerable possibilities for a fresh start in social policy. Once again, however, it is confirmed that once established institutions have their own logic which resists attempts to fundamental reform" (Alber 1989: 66, my translation).

Nevertheless, institutional inertia as an explanation for failed reform appears to underestimate the importance of political struggles over social reform in the post-war period. The German social policy tradition is but one element in an account of a failed Allied attempt to force quasi-Beveridgean reforms upon occupied Germany.

The Allied Control Council's Manpower Directorate coordinated the four plans of social reform that had been formulated by the occupation authorities. All designs turned out to be quite similar, since they were all largely based on the leading reformism of the unions, the Social Democrats and the Communists as well as on recommendations of German social security experts who were highly critical of the fragmented traditional German system (Hockerts 1980: 23). A common design was therefore easily drafted and was presented in December 1946.

The Allied blueprint comprised a radical break with the German social policy tradition. It made provision for the unification of the schemes for sickness, accident and invalidity (to be administered at the level of the 'Länder'), eliminating the fragmentation of the sickness scheme in a multiplicity of separate funds. The status-related differential between workers and employees was to be cancelled (Hockerts 1980: 26-27). The unemployment insurance remained organizationally independent. Perhaps the single most important departure from the German tradition concerned the extension of compulsory insurance to all wage-earners, including the employees, the 'Beamte' and the self-employed, creating an 'Einheitsversicherung'. Hockerts (1980: 28-32) catalogues four reasons for the implied universalism: 1) the introduction of comparable reforms in Berlin and the eastern zone; 2) the affinity between the Allied reformists and the German labour movement; 3) the attempt to subscribe to the

reformist views elsewhere (Britain); 4) the conviction that fundamental reform would lead to rationalization and -most importantly- to economization[19].

This latter aspect of austerity also fueled the proposal to decrease the benefits and to emphasize the insurance character of reforms. The aim was to abolish state contributions in order to release funds for the reconstruction of the economy. The lowering of benefits aimed at equalizing the replacement rates at the level of workers, which was in contrast to the policy of the Socialists and the unions who wanted to equalize benefits at the (higher) level of employees.

The Allied design aroused considerable resistance from various groups for diverging reasons. "The blueprint assaulted the traditional propertied classes ('Besitzstände'), utterly offended particularist interests and at the same time failed to satisfy long-cherished aspirations and emphatically augmented demands of other interest groups" (Hentschel 1983: 148, my translation). The unions' reaction was mixed. The organizational unification of the schemes was in line with their demands and in their interest: they would get hold of a majority in the administration and the elimination of fragmentation and separatism enhanced the possibility of incorporating all wage-earners into one union (Hockerts 1980: 37). The unions resisted the discontinuation of state contributions, the increase in contributions and the reduction of benefits as obviously detrimental to their members' interests.

The outright opponents of reform were those organizations that existentially depended on the continuation of the traditional system such as private insurance companies, the sickness funds and the medical estate at large. The self-employed refused to give up their identity of independence by having to associate with workers in a compulsory scheme and feared, moreover, that they would not benefit from it, but rather bear a heavy burden. The organizations of employers primarily wanted to keep control over the accident funds and also feared an increase in their compulsory premiums. Employees had a stake in upholding their status as employees in the social security scheme. At the political party level the differences in appreciation of the Allied reformism was accurately mirrored (Hockerts 1980: 50). The Social Democrats largely

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19) Baldwin (1990: 190-191) rejects all but the last reason, arguing that the first is self-defeating, because the Berlin reforms would still need explanation, while "the second is undoubtedly true, but is contradicted (...) by the fourth. It is precisely the reason why the unions and the left could not support the Allied plans that is interesting. The third reason is superficial (...)".

agreed with the labour movement whereas the Christian Democrats (and the Liberals) opted for a return to the traditional system and opposed universalism. Christian Democracy particularly contested the idea of an 'Einheitsversicherung' on the conjecture that such a system would shift the balance of power in the direction of the unions and the Social Democratic party (Hockerts 1980: 50).

Such was the configuration of forces with regard to Allied reformism. The question is how these various constraints articulated into an effective obstacle to fundamental reform and what the role of Christian Democracy was in the process of restoring the traditional edifice of social policy.

Reforms along the line of the original Allied proposals were implemented in the Russian zone early 1947. A year later, the Americans voted against implementation. The Soviet representation in the Control Council was terminated as a protest against the London conference of the Western allies, marking the momentum of the Cold War and the division of Germany. As a result social reform and social policy in the western zones became the topic of the bizonal Economic Council, in which the opposition against reform had a majority and which simultaneously was preparing the constitutional reform. Again, one sees here the relevance of the politics of prejudicing through the prohibition of all prejudicing. Structural revision was excluded, because "such fundamental decisions were to be reserved to the parliament of the new West German state (...)" (Hockerts 1981: 320). Social policy should be provisional until the Constitution was drafted and the elections had decided on the actual balance of parliamentary power. The same argument as with regard to the economic structure would seem plausible, namely that, again, all parties had an interest in avoiding the pre-determination of social policy in their hope of winning the first elections.

Provisional arrangements therefore designated the *de facto* restoration of traditional structures[20] while attention was relocated to improving the performance of the system through the Social Security Adjustment Act ('Sozialversicherungs-Anpassungsgesetz', Hockerts 1980: 85-106). The benefits were improved to cope with pressing needs of important segments of the population, particularly pensioners, who were suffering the

20) They were therefore not simply the result of 'structural intertia'.

effects of the money reform, because although their pensions were exchanged at a 1:1 rate, they were not price-indexed, nor particularly generous.

The final defeat of a potentially radical reform in the structure of the social system came with the victory of Christian Democracy in the 1949 elections. The social policy of the coalition between the Liberals and the Christian Democrats basically consisted in removing the structural reform from the political agenda, modifying the Nazi-legislation, restoring the traditional structure of social security, introducing special measures for Germany's immense social problems (e.g. the 'Lastenausgleichsgesetz' of 1952) and preparing a reform of the pension system.

What accounts for the attachment of the Christian Democrats to the traditional organizational form of social security? In general, the heritage of a long tradition was "virtually the only one with which Germany, defeated in war and deformed by National Socialism, could still identify, which it could still refer to and be 'proud' of" (Hockerts 1981: 318). Affinity with a respectable legacy was therefore also a matter of prestige and of reinforcing independence from the Allied occupation.

More important, however, was the Christian Democratic emphasis on the significance of subsidiarity for social policy. The principles of insurance, earning-related contributions and benefits, and the minimal role of the state in administering the schemes as embodied in the social policy proposals concurred flawlessly with this foundational notion of Christian Democracy and called for a restoration of the former Weimar institutions that had these characteristics. Subsidiarity gained even more prominence in the ideological struggle against the competing proposals of Social Democracy as formulated in the SPD's 'Social Plan' (1952) which had strong Beveridgean connotations in its universalism and its tax-financing (Rimlinger 1971: 158f; Hockerts 1981: 324f). Moreover, the Christian Democrats recognized the potentially negative feedbacks from their middle class and employee constituencies if they were to opt for unification of separate schemes and universalism.

Nevertheless, the second Adenauer legislation period (1953-1957) started off with an attempt to comprehensive reform (Hockerts 1980: 242f), an attempt that failed but in its wake produced the pension reform of 1957. The coalition government failed to take rapid action as a result of conflicts over objectives and inter-departmental rivalries (Hockerts 1980: 246-279). The internal struggle within Christian Democracy between

the employers' wing and the union wing was mirrored in the conflict between the Finance Ministry and the Ministry of Labour. The failed personal attempt of Adenauer to break the stalemate in 1955 led to a substantial temperance of the implied 'radicalism' of goals and to a provisional proposal of a pension reform. The aim of this reform was to link the pensions to the development of wages, to increase benefits, and to introduce preventive measures against early invalidity (Hockerts 1980: 320-362). It was not until the Social Democrats submitted their own pension reform plans to Parliament, however, that the actual government bill was presented. For the present purposes the pivotal element of the reform was that -in contrast to the reform in the Netherlands at approximately the same time- pensions were not to be flat-rate but earnings-related and dependent on former (earnings-related) contributions, while separate schemes for blue-collar workers and employees were preserved. The pension system thus "projected the differentiation of earnings, and with it the distributive effects of market mechanisms, into pension as well. It was consequently a non-levelling system, but one which put a premium on achievement and maintained individual status" (Hockerts 1980: 330).

The pension reform was the main basis for the unparalleled electoral victory of Christian Democracy in 1957. "The reform not only had a material and socio-psychological effect on recipients of superannuation, disability and widow's pension, but also on the attitudes and expectations of those still working, since it promised to prolong the benefits of economic growth into the retirement period and to provide more equitable norms for the distribution of the national product between generations (Hockerts 1980: 329). In spite of the failed reform, therefore, Christian Democracy was rewarded for the introduction of the pension reform just prior to the elections[21].

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21) As Hockerts suggests (1981: 332) principal social reforms were frequently enacted just prior to general elections. (Lessmann's study 1985) on electoral politics as determinants of policy output in West Germany has shown that electoral business cycles exist mainly in the domain of subsidies and social expenditures. The existence of a so-called 'transfer cycle' indicates that "governments prefer increases in transfers not only because they improve voters' economic well-being at the right time -compared to fiscal or monetary policies with uncertain time lags- but also because many types of transfers go to important interest groups in Germany, like the veterans and the retired" (Lessmann 1985: 238).

The first social policy measures of the postwar Christian Democracy-led governments were taken "because of the necessity to integrate the West German population and to compete with the Socialist part of the country. Social policy was in the centre of state activity as compensation for the lack of national legitimation of the West German rump state. Later additional efforts, like those of 1957 were an

(continued...)

Continuity, Expansion and Strategic Failure: Some Considerations

The 1957 pension reform is the hallmark of social capitalism in Germany. It provided an alternative for the Liberal, strictly market-oriented model of the FDP and for the Social Democratic universalist model. It embodied in every sense the uniquely Christian Democratic formula of accommodating conflicting societal interests with respect to social policy. It mixed stern eligibility criteria with benefit improvement by introducing a 'dynamic pension' that followed the general wage development in the private economy. In this sense, the pension reform represented a Christian Democratic 'middle way' between Social Democratic reformism and Liberal residualism (Manfred G. Schmidt 1987; 1988: 75). The 'middle way' found its foremost expression in the distributional intent and outcome of the scheme. The reform improved the material position of pensioners who until that time hardly had seen their rightful claims conceded. At the same time, strict eligibility and built-in differentials prevented large scale redistribution of societal wealth from one social group to another, while still recognizing their various claims. Existing status relations and inequality were reproduced through the scheme into retirement life. Redistribution, therefore, became an inter- rather than intra-generational affair (Manfred G. Schmidt 1988: 75); it came to represent a contract between generations and as such addressed the general risk of age instead of class (Baldwin 1990: 205). In terms of expansion, the scheme's potential was considerable. The introduction of the dynamical element changed the political logic of development into a demographic and economic one. It established a link between the changing composition of the German population, the growth of economic resources and social spending.

The fate of German Christian Democracy is associated with the pension reform in two diverging ways. In the short run, as argued, it contributed to the unparalleled electoral victory of the CDU/CSU. Christian Democracy cleverly used the pension

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21) (...continued)
instrument to counteract the declining popularity of Adenauer's government (...). Adenauer used the surplus of economic growth for mobilizing the poorer strata of the population, a calculation which proved to be successful" (Von Beyme 1985b: 6). Research has confirmed the accusation that pensions have been used as electoral gifts: "electoral tactics take precedence over an overall welfare strategy for the improvement of life in old age (...)" (Lessmann 1985: 238).

reform as a major weapon in the electoral battle with the Social Democrats, who, by contrast, focused on foreign policy issues (Michalsky 1984: 137). The 1957 elections were the first not to be overdetermined by hotly debated foreign policy issues (Baker et al. 1981: 167). In the long run, however, my hypothesis is that Christian Democratic self-complacency about the reform and the subsequent electoral victory has led to a negligence of the potential for further power mobilization through social reform. It immediately caused a certain relaxation of further social policy innovations (Alber 1989: 61). A series of strategic errors inhibited a further institutionalization of the Christian Democratic presence in the field of social policy and made the movement - unlike for instance its Italian counterpart- more dependent on contingent electoral behaviour. These considerations are important in understanding the failure of Christian Democracy to continue to be the hegemonic force in German politics, as exemplified by the Erhard-interlude (1963-1966), the unsuccessful coalition with the Social Democrats (1966-1969) and culminating in the long period of opposition (1969-1982). The interesting problem is whether social capitalism was substantially moderated during the period of Social Democratic incumbency.

The renewed coalition between Liberals and Christian Democrats, formed after the elections of 1957, paradoxically opened with an austere warning as to further social reforms. Adenauer, 81 years old, at the height of his prestige and increasingly autocratic in his political style (see Balfour 1982: 193-95), translated the electoral slogan 'no experiments' into an attack on the dangers of encompassing social policy. The argument was that social reforms ought not to suffocate the possibilities of self-help and private initiative. Wage-earners were to be educated via social policy to behave as responsible citizens. The government would try to inhibit the drifting towards a 'total caring state' ('totalen Versorgungsstaat') (Manfred G. Schmidt 1988: 78; Alber 1989: 271). Although perhaps in line with the leading principles of social capitalism, such criticism appeared to be ill-timed, for not only did it contradict the preceding reform efforts of Christian Democracy, but it also tended to repudiate the subsidiary role of the state in areas where innovation was still needed. The Christian Democratic position on social policy ran the risk of exhausting the potential for societal accommodation by stressing too much the responsibility of the family and individuals to help themselves. In this sense, the Neo-Liberal leanings of the social market

economy inhibited a fully developed social capitalism in Germany and contributed to growing problems of Christian Democracy to maintain power.

The best illustration of this concerns the failure to appease and regulate the conflictual forces that were articulating around the issue of the sickness insurance (see Alber 1989: 271-74; Manfred G. Schmidt 1988: 78-79; Michalsky 1984; Hentschel 1983: 184-91). The proposed legislation coupled improvements of benefits to a decreasing public commitment to transfers. Patients were partly to pay directly for the services of doctors, who, in turn, would be remunerated on the basis of the number of patients they treated. The latter would accord patients a stronger control over the medical services. The monopoly of the medical estate would be further moderated by the introduction of a state advisory council or service. One of the main goals was to free funds for the long-term ill and to reinforce the responsibility of the temporary sick. According to Alber (1989: 272), the package deal was deliberately formulated so as to neutralize opposing interests.

The design of a new sickness legislation and its accommodating intent failed completely as a result of a particular coalition of opposing interests. In favour of the new law were only the employers' organizations and the private insurance companies. The organizations of the medical estate were divided over the issues of self-responsibility of patients, but thoroughly agreed that the introduction of an advisory council would limit the control over their own affairs. In order to defend their privileged status, the medical estate organized politically and even threatened with a 'strike' (Alber 1989: 273). The unions opposed the new legislation because of the potential detrimental effects on the financial position of their members and because of the outspoken moralizing aspect that wage-earners were to be educated as responsible citizens. This moral component and the financial threat facilitated a considerable readiness on the side of organized labour to act in resistance. The labour wing of Christian Democracy and the Social Democrats represented the view of the unions in parliament. The former were only ready to accept the proposals of direct financial efforts on the condition that wages for the sick would be fully replaced. The Social Democrats opposed the very idea of 'self-responsibility'.

The logic of electoral competition with regard to social policy took an intriguing turn. According to Alber (1989: 275) the SPD -supported by the extra-parliamentary

coalition of unions and the medical estate- attempted to delay the actual passing of the bill until just prior to the elections of 1961. It did so successfully and the government's reaction was to withdraw the proposal in the same year and to replace it with a supplementary act that provided benefit improvements in line with the demands of the unions, the SPD and the labour wing of Christian Democracy.

In the elections of 1961 Christian Democracy lost its parliamentary majority. The position of the Liberals was considerably strenghtened; they jumped from 7.7 percent in 1957 to 12.8 percent in 1961. The refurbished coalition between Christian Democrats and Liberals offered another attempt to reform the sickness insurance, by formulating a package deal between the reform, a proposal of wage continuation in case of sickness and a compensation for employers in the form of a transfer of the burdens for family allowances from the employers to the federal state. Again, however, it turned out to be impossible to accommodate the conflicting interests and the package deal disappeared from the agenda. In its stead came an improvement of family allowances, catering the Catholic clientele in particular, and yet another supplementary act on sickness insurance.

The example of the sickness insurance illustrates the declining capacity of Christian Democracy in Germany to provide feasible accommodations of societal conflicts through social capitalist reformism immediately following the pension reform. A specific problem that Christian Democracy in Germany faced concerned the absence of a Christian Democratic labour union, which had the odd effect that the labour wing of the Union parties in parliament attempted to represent the DGB (Deutscher Gewerkschaftsbund), whose demands were also channeled through the Social Democratic party. At the same time, Christian Democracy had to integrate the demands of the organizations of white collar workers (Deutsche Angestellten Gewerkschaft, DAG) and the civil service union (Deutscher Beamtenbund, DBB) (Childs and Johnson 1981: 67-71). The fact that unions were divided along status rather than confessional and ideological cleavages shows a vital difference between Germany on the one hand and Italy and the Netherlands on the other, where organized labour was split into a Christian Democratic and a Left movement and where Christian Democracy found it consequently easier to integrate labour demands within its own ranks, at least until the early 1970s. The reason for this was that class and status in the latter nations were

already overdetermined by the force of religion, which weakened class and status as a basis for political articulation and facilitated cross-class integration through policy.

The period preceding the Grand Coalition was characterized by an attempt to contain rather than integrate the growing strength of the labour movement. Christian Democracy faced a dual challenge in the first half of the 1960s. Social Democracy had finally adapted to the presence of Christian Democracy and had modernized its programmatic outlook. As a result, and under conditions of -perhaps still hesitant but not irrelevant- secularization[22], the SPD became an acceptable alternative for religiously motivated workers, too (Baker et al. 1981: 239-42). Besides, since the Bad Godesberg Program the SPD recognized Christian ethics as one of its sources of inspiration (Paterson 1976: 227). Christian Democratic ideologues recognized the new emerging dilemma, but failed to formulate an alternative that would have had the disposition of a continued appeal to workers (Ute Schmidt 1983). Moreover, Erhard, who took over in 1963, lacked the charisma of Adenauer and could therefore not provide the necessary integrative component.

A strategic miscalculation of Christian Democracy in the 1960s in Germany concerned the tendency to stress autocratic solutions as an alternative for this loss of integrative capacity. The ideological innovation was based on a misunderstanding of the power base of Christian Democracy. Rather than a stress on the importance of the free 'market', the plurality of societal forces, and the compensatory social side of the social market economy, the concept of the 'formierte Gesellschaft' was launched by Erhard in 1965 as an alternative for the social market economy. The 'formierte Gesellschaft' provided what was understood as the Christian Democratic blueprint of a society that represented the third phase of the development of the non-Communist, industrialized world. In such a society, class, status and religious cleavages would have lost their political meaning and particularist interests would not be able to constrain economic and state performance. It contained a critique of the welfare state that tended to develop an interest in itself: "the bureaucracy of the welfare services had a clear interest in expanding social spending, since that meant more jobs in that bureaucracy,

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22) Regular church attendance among Catholics declined from 60 percent in 1953 to 48 percent in 1969 and among Protestants from 19 percent in 1953 to 7 percent in 1969 (Padgett and Burkett 1986: 274).

and more power for its officials. The bureaucracies were strong enough to push through the increases in spending, because the politicians had become to too weak to resist such claims, even if, as a consequence of political battles, they objectively harmed society by adversely affecting incentive, and diverting funds from other areas" (Bark and Gress 1989, 2: 39).

The 'formierte Gesellschaft' epitomized a peculiar mixture of free market Liberalism and autocratic antipluralism, or in the words of Ute Schmidt (1983: 548, my translation): "an authoritarian variant of the social market economy" and tended to turn the basic tenets of social capitalism on its head. Societal pluralism, rather than as a possibly rich source for Christian Democratic power mobilization and as a guarantee for plural democracy, was interpreted as a hindrance to economic prosperity and effective state policies. Christian Democracy appeared to offer an anti-democratic stance precisely at the moment that new (and old) social movements coming out of the Adenauer era longed for more rather than less democracy. In this sense, German Christian Democracy was badly equipped to face the new challenges and conditions of the second half of the 1960s, where democratization was connected with every conceivable sociopolitical issue.

Nevertheless, the elections of 1965 did not immediately reveal the weakened position of Christian Democracy. Its main results pertained to the growing attractiveness of Social Democracy and the substantial loss of the Liberals. Two conditions of the year after the elections were crucial for the political history of West Germany and for the fate of Christian Democracy and social capitalism in particular. The first is the economic recession with rising inflation and unemployment, that eroded not only the trust in the steadfastness of the social market economy and the miraculousness of the economic miracle, but also put the coalition between the weakened Liberals and the Christian Democrats under pressure. The electoral gift in the form of a tax reduction, granted just prior to the 1965 elections, made itself instantly felt through budgetary problems. The FDP opposed attempts to balance the budget by raising taxes, whereas the Christian Democrats impeded a cut in public spending. A political crisis, the second condition, provoked by the Christian Democratic representatives in Parliament, forced Erhard to resign and a renewal of the Liberal-Christian Democratic coalition had thus become troublesome. Besides, such a construction would again have had to rely on a

narrow parliamentary majority, which was unstable because of the uncertainty as to the loyalty of the FDP's right wing (Balfour 1982: 216).

The Christian Democrats viewed a coalition with the SPD as a possibility for staying in office, maintaining power at the governmental level and for recovering from the political problems of the Erhard period. The Social Democrats, on the other hand, interpreted the changing conditions as an opportunity to become a legitimate party of government. They were preparing their way out of the opposition ghetto. In retrospective, the 'Grand Coalition' ended Christian Democratic domination and eventually pushed the CDU/CSU into opposition. Initially, social policy provided the main source of consensus between the former opponents, whereas the enthusiasm of the Christian Democratic labour wing in particular cemented the new alliance of political forces. Paradoxically, social policy sealed the fate of the Grand Coalition, too, when the balance of power within the CDU/CSU gradually shifted in favour of the representatives of business economic interests between 1966 and 1969 (Michalsky 1984: 138).

Contrary to the rising expectations with regard to Social Democratic government participation and due to conditions of economic pressure and of increasing 'extra-parliamentary opposition', social policy opted for austerity measures rather than for reforms. The pension system was in financial trouble and the government's answer consisted in a reduction of public contributions and an increase of the premiums for the insured. An important innovation, however, concerned 'technical' reforms that *de facto* reduced the differentials between workers and employees (Schmidt 1988: 80; Alber 1989: 62). A further moderation of the privileged position of employees came about when workers, too, obtained the right to wage continuation of six weeks in case of sickness. "Until the accession to office of the Grand Coalition the employees had been able to defend their privileged status quite successfully. Within parliament and government the FDP and the CDU/CSU had been kindly disposed towards this status group. As a result of the resignation of the FDP from the coalition with the CDU and the CSU and the entry of the SPD into the government in Bonn, the relations of political power shifted. The employees could not unequivocally expect protection from Bonn anymore. From this moment on the government rather included employees in a social package, which entailed considerable redistribution between large groups of

wage-earners. In this sense, it complied with a part of the aspirations that had committed the labour wing of the Christian Democratic Union and the politicians of the SPD to the Grand Coalition: the higher appraisement of the labour wing of the Union and of workers' interests at the level of governmental policies" (Manfred G. Schmidt 1988: 81, my translation). These developments may illustrate that the -moderate, yet crucial- 'Social Democratization' of the German social system was largely an effect of piecemeal engineering. The transformation of some of the particularist features of social capitalism were therefore not caused by a grand design of Social Democratic reformism, but by gradual policy changes under conditions of declining Christian Democratic hegemony.

The initiative in social policy gradually went over into the hands of the Social Democrats. The integrative capacity of Christian Democracy was further eroded during the period of the Grand Coalition, as exemplified in the electoral results of 1969 and 1972. The main problem for Christian Democracy consisted in the inability to attract voters from the increasingly important new middle class and to maintain at the same time the secularizing Catholic workers within its own ranks. The support of the Catholic workers for Christian Democracy declined from 58 percent in 1965 to 52 percent in 1969 and a mere 39 percent in 1972 (Padgett and Burkett 1986: 261). Simultaneously, the middle class support of Christian Democracy declined from 54 percent in 1965 to 37 percent in 1972, whereas the Social Democrats managed to increase the integration of substantial parts of this class (48 percent in 1972) (Padgett and Burkett 1986: 265)[23].

A coalition between the FDP and the SPD was facilitated by a growing consensus between the two political movements around foreign policy issues (e.g. the recognition of the GDR), the 'new politics' (Baker et al. 1981) of democratization, and by the 'cultural revolution' of the late 1960s. Such a coalition was formed in the autumn of 1969 and moved the Christian Democrats in opposition until the 'Machtwechsel' of 1982. It offered a break in the political history of Germany in that the 'social-liberal' alliance proved the possibility -absent in the Netherlands and Italy- of excluding

23) Christian Democracy recaptured some of its Catholic worker support in the 1976 elections. The background of this was a revitalization of the religious dimension, mainly due to the controversial legislation on divorce and abortion of the 'social-Liberal' coalition.

Christian Democracy from national power. The Brandt-government, with its introduction of the concept of 'internal reforms', initially operated under favourable economic conditions and offered a mixture of Social Democratic and Liberal social policy. The traditional Social Democratic goals of universalism were expressed in the plan of a people's insurance, but could only be partly materialized in the pension reform of 1972. The considerable financial possibilities of the late 1960s[24] offered the opportunity to correct the pension scheme. The Christian Democrats in opposition wished to use the increased resources to improve benefits. The Social Democrats, however, proposed a 'flexible retirement age'. Because of the immense popularity of the latter proposal, the Union parties adopted it quickly (Hentschel 1983: 179). The pension reform of 1972, furthermore, opened the scheme for independents and made entitlements partly independent of contributions. The main reforms of the SPD-dominated governments were supported by all parties in parliament and social spending was boosted by what Manfred G. Schmidt (1988: 84) has called the 'social policy race' under conditions of economic prosperity. Again, the implied universalism was not the result of a grand reform but an effect of gradual improvements.

The positive electoral effect of the reform of 1972 for Social Democracy was comparable to the one in 1957 for Christian Democracy, but was further augmented by the SPD's success in foreign policy. Both coalition partners gained in support and the SPD surpassed the Christian Democrats for the first time in electoral strength. The SPD now attempted to translate the electoral victory into a reinforcement of social reformism. Modern social policy was to create more social justice and to expand real freedom (Michalsky 1984: 139). The conditions for such a novel stress on social reformism within the Social Democratic movement were given by a drastic change of attention from foreign policy to 'internal reforms', such as co-determination and tax reform, and by the radicalization of a new generation of Socialists and the rising demands for reform from societal organizations (the unions, the students). Prominent Liberals, however, had already declared that there would be Liberal tax reform and Liberal legislation on co-determination or no reforms at all (Michalsky 1984: 139),

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24) The growth rate of the German economy in 1968 and 1968 was a high 7-8 percent, inflation a low 1.5 percent. The Federal budget had a surplus of 1.5 billion DM when the social-liberal coalition was installed and unemployment had dramatically declined. In fact, labour shortage intensified the presence of migrant labour in Germany (Bark and Gress 1989, 2: 86-7).

which, of course, precisely clashed with the radicalization within the Social Democratic camp. The reformist potential, therefore, was immediately obstructed by the declining willingness of the FDP to cooperate and became increasingly difficult as a result of the rapidly declining margins for expansive social policy under conditions of declining economic prosperity after oil crisis and the recession of 1974.

Concluding Remarks

The clue for understanding the origins and initial success of social capitalism and Christian Democracy in Germany lies in the period 1945-1950. In this period a bias was mobilized which led to the restoration of capitalism in West Germany. At the same time, a political struggle took place within the Christian Democratic movement between the defenders of Christian Socialism and those forces which fundamentally tried to adjust ideology, program and strategy to the conditions increasingly dictated by the American hegemony. In other words, the Neo-Liberal forces initially disposed of the most 'flexible response' to the rapidly changing conditions in the western zones. The process of flexible adjustment, however, could never have been so successful if the Neo-Liberal wing would not have made concessions to the Left wing of Christian Democracy. The outcome of this conflict involved the mixture of commitment to free market capitalism and social responsibility.

The analysis of the post-war settlements suggests that 1) the hegemony of the United States in the western occupation zones, 2) the role and composition of the Economic Council, 3) the Marshall Aid and economic integration, 4) the money reform and subsequent economic measures, 5) the growing intensity of the Cold war and the socio-structural effects of the division of Germany, 6) the outcome of the elections of 1949, 7) the integrative capacity of Christian Democracy, 8) the 'doomed' Socialism of the SPD and the party's failure to adjust, and 9) the unprecedented economic success of the social market economy have all contributed to original Christian Democracy's success in implementing a peculiar "ideological synthesis of the two strands of Neo-Liberalism and social Catholicism" which "found concrete expression in the social legislation of the period of CDU-CSU hegemony (...)" (Esping-Andersen and Korpi 1984: 190).

The analysis beyond the post-war settlements shows that Christian Democracy gradually lost its grip on social policy after the pension reform of 1957. A slackening of social reformism coupled with the inability of viewing social policy as a medium of power mobilization, made Christian Democratic strength increasingly contingent upon electoral returns and therefore on structural changes within the electorate. Christian Democracy failed to invest power resources in the social policy realm. The movement lost its integrative capacity at a moment that the Social Democrats successfully adjusted to the changing circumstances, such as class structural transformations. Social capitalism, however, was not revolutionized as a result of Social Democratic reformism *per se*, but rather as an only partially intended effect of increasing inclusion of formerly excluded groups into the edifice of social security and of the financial equalization through 'technical' alterations of formerly distinguished status groups. Finally, a more daring Social Democratic reformism came at a time that both political and economic conditions could block a fundamental change in the relations of social security in Germany. The analysis suggests that the structural characteristics of social capitalism did provide the 'raw material' for sociopolitical struggles, but that their endurance and transformation are largely explained by historical and political factors rather than by 'inertia'.

CHAPTER 10

ITALY

No single party in any western democracy has been able to become so politically dominant in the first decades after the Second World War as the 'Democrazia Cristiana' (DC), Italy's Christian Democracy. It has been the largest party in every election since the Second World War, polling an average of about 41 percent between 1946 and 1963; it has played the dominant role in every postwar cabinet (majority of cabinet seats); the post of Prime Minister went to the DC in all but 4 (Spadolini 1 and 2, Craxi 1 and 2) of Italy's 51 post-war cabinets (May 1991); it has been the initiator, producer and main profiteer of the 'sottogoverno': the colonization of the institutions of the state and the public corporations by party loyalists, resulting in clientelism and large scale political patronage and corruption[1]. (Sub-) titles of studies of the DC are typically 'The Occupation of Power' (Orfei 1976), 'The Anatomy of Power' (Cazzola, ed. 1979), 'The Christian Democratic Iceberg' (Tamburrano 1974), 'Masters of Survival' (Wertman 1981), or most recently 'The Politics of Dominance' (Leonardi and Wertman 1989).

Three questions structure this chapter on Christian Democracy and social capitalism in Italy: 1) what accounts for the unparalleled strength of Christian Democracy in the immediate period after the Second World War; 2) what were the structural and contingent conditions for the unique electoral victory of the DC in 1948 (48.5 percent of the total vote) and the establishment of social capitalism; 3) what were the main stages of development and characteristics of social policy in the first 15 years after the conclusion of the war?

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1) Political corruption is certainly not a phenomenon that only touches Chr2commuistian Democracy. A recent empirical study by Cazzola (1988) revealed that the major parties (DC, PSI and PCI) all were mixed up with incidents of corruption. Putting the total number of cases of corruption analyzed to 100, Cazzola computed that the DC was associated with corruption in 64 %, the PSI in 50 % and the PCI in 20 % of the cases (The numbers do not total to 100 because in many cases more than one party was mixed up). He furthermore found considerable regional variation in corruption, with Communists corrupt in the centre north, the Christian Democrats in the north west, the centre, the south and on Sicily, and the Socialists in the north west and the centre north of the country. The study, however, clearly shows Christian Democracy to be the most corrupt party of Italy, but also exposes the PSI and PCI -although to a much lesser extent- as often involved in grubby business, too. Corruption is a feature of Italian society rather than an 'invention' of Christian Democracy.

The Preconditions of Power Mobilization

The Christian Democratic story of success begins during the resistance against the Fascist regime and the Nazi occupation. The DC was founded during the war by members of the old party elite of the Catholic Popular Party of the Sicilian priest Don Luigi Sturzo (Partito Populare Italiana, PPI, see De Rosa 1988; Molony 1977) and a group of Catholic anti-Fascists around Pietro Malvestiti (Ginsborg 1989: 60)[2], later joined by Catholic intellectuals as Giulio Andreotti and Aldo Moro from the Catholic University in Milan. Alcide De Gasperi, the last Secretary of the PPI and librarian in the Vatican during the war, soon became the undisputed leader[3] of the new party. Under the influence of the 'neo-Guelf movement' (see Galli 1978: 23f) the DC formulated its early moderate social capitalist program, consisting of the acknowledgement of the importance of private property, its social function, consumer protection and monopoly control. The real innovative side of the Milan-manifesto was probably found in the proposals on social policy which were later partly to be incorporated in the Constitution, concerning "the social function of property, the promotion of individual initiative, the abolition of corporatist bureaucracy, the safeguarding of individual and social rights" (Leonardi and Wertman 1989: 30).

As in the case of Germany -mainly as a reaction to Fascist perversity- Christian Democracy initially emphasized Christian morality as a constitutional foundation of politics. Christian Democracy was "the application of Christian morality to political and social life" (Einaudi and Goguel 1952: 28). De Gasperi, addressing a provincial congress of the party in Rome (June 18, 1945), answered the question why the word 'Christian' had to be part of the name of the new party, jointly with the concept of democracy, in an unmistakable manner. Christianity referred to a source, to " (...) Christian civilization, which in Italy has its testimonials and has left deep traces; and we, who are in favour of freedom and tolerance of all movements, have the task of demonstrating that without the Christian civilization it is impossible to solve the

2) The pamphlet 'Il Programma di Milano della Democrazia Cristiana' of the (neo-)Guelf movement (1942) can be considered as the starting point.

3) In Italian political parlance, there is no Italian word for 'leader' or 'leadership'. In fact, the English words are used. The term 'duce', of course, has come to mean something completely different.

problems of Italy. This is why we call ourselves Christians *and* democrats" (cited in Orfei 1976: 29, my translation).

From the start Italian Christian Democracy was characterized by an integrative, interclassist ideology and the search for the third way between capitalism/Liberalism and Socialism/Communism. "The Christian basis of the party was strongly and unremittingly stressed. Christian Democracy was to collaborate with representatives of idealist or materialistic philosophies in the solution of concrete social problems. It was to walk hand in hand with Socialism and Communism in the achievements of the most daring reforms. But it would not in any way confuse itself with ideologies and conceptions of life which either fight, or prescind from, Christian precepts. The Party was not to seek the creation of a Christian state (...) but it was not to forget that the history of Italy was part and parcel of the history of the development of Christian ideals" (Einaudi and Goguel 1952: 29).

A pre-condition for gaining the full support of the Church partly consisted in this appreciation of the central role of Catholicism and the Church in Italian society. A cluster of interrelated values and beliefs concerning private property, the vital function of the patriarchical family with its *pater familias* and subordinate -yet highly esteemed- woman as mother, the idealization of rural life, the importance of obedience and the acceptance of one's station in life, constituted Italy's popular religion (Prandi 1983; Allum 1990). It had been precisely the lacking of the acknowledgment of the sociocultural and ethical role of Catholicism and its institutions in the political program of the pre-war Popular Party that had made the relationship between party and Church strained. Ultimately, however, "the PPI's failure to stress the temporal claims of the Church and to demand a solution to the problem of Church-state relations was one of the major reasons for the Vatican's eventual abandonment of the *Populari* in favour of the Fascists" (Irving 1979: 5). The DC needed the Church, but tried to retain some distance as well. As an effect, the Christian Democratic politics of state and Church were often contradictory. It defended both the Church's accumulated rights and was at the same time ready to acknowledge freedom of religion.

The early organization of the party was to a large extent dependent on the existence of the lay organizations of the Roman Catholic infrastructure (Azione

Cattolica[4]), which had been permitted by Fascism. "As one of the few organizations which Fascism could not destroy, Catholic Action became one of the centres of muted opposition to the dictatorship. Even by doing nothing, and this is what it did for the most part, it was anti-Fascist by reason of the simple fact of not being Fascist. In preserving the Party's cadres, Catholic action played an immense role (...)" (Einaudi and Goguel 1952: 26). The nonecclesiastical Catholic organizations were of crucial importance for the road to power of Christian Democracy in Italy after the war. These provided the new party not only with a ready available organizational network, but also with a pool of party activists and party leaders. The Catholic network, moreover, functioned as a steady mobilizer of electoral support for the DC (Leonardi and Wertman 1989: 193).

It was, however, the direct support of the Church that turned Christian Democracy from a discussion club into a mass party (Ginsborg 1989: 62), for the Church controlled Catholic Action. It is certainly no exaggeration to argue that the organizational presence of the Catholic church contributed massively to the Christian Democratic power in the early years after the war. The role of the Church, therefore, deserves some more detailed attention.

The Catholic Church had made two important improvements in its position and status during the Fascist period: one materially, through the Lateran Treaty and the Concordat of 1929 (see Settembrini 1977: 37-40; Spataro 1969: 177-191) and one -a paradox perhaps- morally, by improving her moral standing in Italian society (Poggi 1972). One of the 'achievements' during the twenty years of Fascism was that "the Church had managed to avoid to become utterly identified with the regime; it had lent its support as if from outside, and it was enjoying the benefits it was receiving, again, as if from outside (...). It was able to keep itself (...) relatively disengaged, relatively uninvolved (...)" (Poggi 1972: 137/138). Moreover, from the start of the Second World War onwards the Church had succeeded in disengaging herself increasingly from the Fascist regime.

The position of the Church at the end of the period of Fascist totalitarianism and war appeared one of strength rather than of weakness. There were few forces striving

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4) See for a detailed history of the Catholic movement in Italy: Candeloro (1982), De Antonellis (1987) and Poggi (1967); for the early period after the war: Casella (1987).

for making "the Church pay for its complicity in the rise to power of Fascism (...)" (Poggi 1972: 140) and there were reasons to expect that the Church would in fact be able to retain her strengthened position[5]. The Church could rely on the religious organizational resources that Fascism had left almost untouched (the hierarchy), the lay organizational resources (Catholic Action), the Catholic intellectuals (Catholic University) and politicians, an elaborate body of social doctrine, and, most vitally, the active presence of Allied forces that would certainly have intervened in case of a Communist insurrection (Poggi 1972).

The Church pursued a strategy of maximum involvement and maximum commitment. The former consisted of a "general mobilization of all available resources, on a sustained, not a provisional basis" (Poggi 1972: 147), the latter of the deployment of these resources for the attainment of one goal: "the launching and support (and control) of a mass political party, which had as its main endowment the Church's backing and the principle of the 'political unity of Catholics', and which yet operated formally as a non-confessional party and was committed to working within the broad rules of the democratic political game" (Poggi 1972: 147).

In addition to the direct role of the Church a crucial condition for the initial success of the DC was based on the persisting political salience of the north-south division of the Italian nation and society. The Second World War had not altered in any substantive way the relationship between the two geographical areas. Italy continued to be a geographical expression rather than a nation. In effect, the different war experiences of the north and the south contributed to a deepening of the question. Whereas the south was liberated in 1943 with relatively little war damage (both materially and in terms of human losses), the north experienced a two year long war effort as well as an armed struggle of the Italian resistance. As a result, the organization of the Christian Democratic party in the north differed considerably from

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5) The Communists -under the leadership of Togliatti who returned to Italy from Moscow in 1944- not only followed a strategy of postponing their anti-monarchism, but also tried to organize a broad coalition of anti-Fascist forces. In particular, they wanted the Christian Democrats to be part of this coalition for the time of the war and possibly also for the reconstruction period (Ginsborg 1989: 51-59). A strong anti-clerical position was considered to be politically inopportune under the circumstances. According to De Grand (1989: 89-90) Togliatti attempted to increase the Vatican's respect for the PCI. And "what began as a series of concessions by Togliatti to the Catholics, led ultimately to Communist acceptance of the entire Lateran Treaty as part of the republican constitution in 1947".

the one in the south. Yet, the progress of the DC in the southern provinces was as such an important new political fact, because the PPI had never really managed to obtain a foothold in the region[6]. Crucial in this respect was the entrance of the old ruling elites into the DC, giving it -at least in the south- a weighty conservative character[7].

Now, if one might define one of the perennial principles of southern politics until the arrival of the DC as "one must belong to the groups or parties which control, or have access to, the government and state machinery, in order to preserve and advance one's own privileges" (Allum 1972: 113), then one of the consequences of the 'infiltration' of the southern notables in the DC was the reconstitution of the southern system within the boundaries of the Christian Democratic movement itself. In other words, what occurred in the very early history of the DC is the integration of the old ruling class of southern Italy into the movement and with it the southern system of clientelism and patronage, crucial to the -be it debauched- political power in this much plagued region.

Another element in the account of the effective power mobilization of Italian Christian Democracy before the first general elections concerns the presence of a strong Left, but above all, Communist movement. A most consequential fact for the particularity of Italian Christian Democracy -and for Italian democracy for that matter- pertains to this condition of having to compete with one of the strongest Communist movements of Western Europe. Anti-Communism, of course, has played a significant role in Italian politics, especially around the elections of 1948 where Christian Democracy (and the Catholic Church) phrased the voter's option in terms of a choice between Christ and Communism. But already before 1948 anti-Communism played a determining role in Italian politics. For instance, the day before the elections for the Constituent Assembly (june 2, 1946), Pope Pius XII addressed the Italian people, drumming into the voter's mind that the choice was between materialism and Christianity (Kogan 1983: 25). Communist strength also automatically rendered Christian Democracy as the most acceptable force to the United States and the United

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6) The PPI mainly had its stronghold among the Catholic workers in the North.

7) In 1951 this conservative current clearly emerged to the surface in the form of the 'Vespa'-faction which was hostile to the agrarian reforms proposed by the governments dominated by Christian Democracy in the early 1950s (Allum 1972: 114).

Kingdom[8]. The Communist movement consisted of two currents, the political one opting for a 'progressive democracy', and a social movement of revolutionary forces, mainly originating in the resistance. The Communist strategy reflected this duality by on the one hand presenting itself as a party that recognized the status quo and accepted parliamentary democracy, but on the other hand retaining its revolutionary potential among the (armed) forces of the resistance (see Spriano 1978, especially Chapter 19; Di Loreto 1991).

The integrative, interclassist ideology and political stance of Christian Democracy, finally, contributed to the successful attempt to appeal to and gain the support of a cross-section of society in a considerably less distinctive manner (in terms of region, class, sex) than any of the other political movements. Christian Democracy attracted conservatives, moderate progressives, and anti-Communists alike. Decisive was the Christian Democratic capacity to make inroads into the groups of small farmers, the farm workers and the (Catholic or at least anti-Communist) working class (see Catalano 1972: 63). The mass base of the DC was founded upon the anti-Communist and anti-Socialist 'classe media', that is artisans, self-employed, merchants, shop keepers, employees, state officials and small businessmen. This class had constituted -according to Ginsborg (1989: 97)- the backbone of the former support of Mussolini, a class left disoriented after the destruction of the Fascist values of nation and party. The program of Christian Democracy promised to safeguard the middle class values of private property and private initiative in the economic realm. In addition, it sought to limit monopoly power and to protect the consumer and the small producers (Ginsborg 1989: 98). Moreover, it was Christian Democracy that tried to restore the traditional values of the family, which were ravished by Fascism and during the war. The emphasis on the family and its problems helped to dilute the salience of class further and appealed to women in particular (Ginsborg, 1989: 99). This last detail is particularly relevant, given the fact that after the war for the first time in the history of Italy women were given the right to vote. The Women's organizations of Catholic Action ('Gioventù Femminile di Azione Cattolica', 'Centro Italiano Femminile' and 'Unione Donne di Azione Cattolica') laboriously worked to mobilize the Christian Democratic vote. Pope

8) The Soviet Union was excluded from the armistice in Italy.

Pius XII had given the Women's organizations of Catholic action their 'magna carta della donna' by urging them to become active in public life, but warning too zealous women not to enter the male domain of power and politics (Casella 1987, especially pp. 247-66).

The DC gained a plurality of the vote (35.2 %) in the elections for the Constituent Assembly (June 2, 1946). This Assembly was to prepare the Constitution of a new republic[9]. If one thing was clear from the results of the first elections, it was the geographical distinctiveness of all parties except Christian Democracy[10] (see Table 1).

Table 1. The Geography of Elections in 1946 (%)

	North	Centre	South	Islands
Christian Democrats	37.3	30.0	34.9	35.2
Socialists	28.5	17.7	10.0	11.5
Communists	22.4	24.7	10.9	8.8

(Source: Mammarella 1985: 82)

Christian Democracy was especially strong, however, in the North East (50.8 %) "the area where the Catholic subculture had its strongest roots and where the DC's predecessor, the Popular Party, had done by far best in the 1919 and 1921 elections" (Leonardi and Wertman 1989: 162).

Christian Democracy was to a considerable extent sex-distinct in the sense that the average female proportion of the Christian Democratic electorate between 1947 and 1960 roughly amounted to 64 per cent (Leonardi and Wertman 1989: 166). Religion,

9) It was to be a republican constitution, since at the same date a referendum was held which showed a narrow republican majority of 12,717,923 votes (54.26 %) against 10,719,204 (45.74 %) for the monarchy.

10) Geographically quite distinct, however, were the results of the referendum, which dramatically exposed the political gap between the north and the south. Only in Basilicata more than 40 percent of the electorate was in favour of the republic, whereas -for example in Naples- about 80 percent of the electorate voted for the monarchy (Ginsborg 1989: 129).

the traditional view on the family and the massive mobilization of women through Catholic Action were the key factors in effecting this sex-distinctiveness of the Christian Democratic support.

There is, unfortunately, little data available on the early elections in Italy. The first reliable electoral surveys were held in 1968 and in 1972. One has to rely on these data sets to study the cross-class appeal and class-distinctiveness of Christian Democracy. Table 2 clearly reveals that Christian Democracy was the least class distinct political party of the elections of 1972 with roughly obtaining an equal percentage among all status groups.

Table 2. Party Preference and Class (Family Status of Respondent, 1972

Class	DC	PCI	PSI	PSDI	PRI	PLI	MSI
Industrialists/ Professionals	29.6	1.2	7.4	2.5	3.7	12.3	6.2
White Collar	34.9	7.3	6.5	4.6	4.6	2.7	4.6
Small Business-men/Artisans	33.5	12.3	9.9	4.9	3.2	2.1	5.3
Skilled Workers	24.8	16.4	11.8	2.5	1.0	0.2	2.7
Small Farmers	53.9	8.7	5.3	1.0	1.5	0.0	1.9
Peasants	25.7	31.4	5.7	1.9	1.0	1.0	3.8
Unskilled Workers	27.7	23.2	6.6	3.1	0.3	1.0	1.7
Missing	39.6	10.1	8.7	1.9	1.0	0.5	3.4

(Source: Wertman 1974: 163)

Although over-represented among the small farmers and under-represented among the skilled workers, the conclusion is that "(...) the class composition of the DC electorate makes it clear that the Christian Democratic voters have a profile which is very similar

to the entire electorate and is more like the entire electorate than any other Italian party (...). For 1968, the composition of the DC electorate is even more like that of the entire electorate; no class group differs by more than 3.0% (from the composition of the entire electorate)" (Wertman 1974: 164). Other operationalizations of socio-economic status (income, social origins) basically show the same pattern: the cross-class appeal of Christian Democracy and the absence of class-distinctiveness.

Religion has been an important conditioning factor of the working-class vote in Italy. Members of the working class are more likely to vote for Christian Democracy if they are embedded in the Catholic organizational infrastructure, if their religiosity expresses itself not just in a proclaimed membership, but in church attendance in particular and if they come from regions where the Catholic subculture is strongly developed (Wertman 1974: 176). The organizational ties -membership of the Catholic trade-union and other Catholic organizations- were the determining factor. In the first decade after the war, there was nearly unrestricted backing for Christian Democracy by the Church and the Catholic subculture, consisting of Catholic Action, the Catholic Trade Union Federation (Confederazione Italiana di Sindacati Liberi, CISL), the organization of small farmers (Coldiretti) and the association of Catholic workers (Associazione Cristiana di Lavoratori Italiani, ACLI) (Leonardi and Wertman 1989: 209-210; Kogan 1983: 59).

Given these preliminary considerations the next question concerns the structural and contingent conditions of the unique electoral victory of the DC in 1948, the establishment of the Christian Democratic hold of power of the state and the state apparatuses[11] and the establishment of social capitalism.

The Conditions of Domination

The elections for the Constituent Assembly had given Christian Democracy 207 seats out of a total of 556 seats. The Communists (Partito Communista Italiano, PCI) had won 104 and the Socialists (Partito Socialista Italiano, PSI) 115 seats. Alcide De

11) Christian Democracy is "a party which tends to identify itself with state institutions, thus investing itself with an authority properly that of the state. It is no accident that in common parlance *la democrazia* often means *la Democrazia Cristiana*" (Donolo 1980: 169).

Gasperi -as leader of the largest party of the Assembly- was to make a government coalition with as its main assignments the preparation of the Constitution of the republic, the negotiations of the peace treaty and the commencement of the economic and social reconstruction of Italy. A four party coalition, including the Communists, the Socialists and the Republicans (Partito Repubblicano Italiano, PRI) was the result.

The Constitution and the Choice for the Economic Structure

The general view of Christian Democracy concerning the structure of the economy was very much in line with the Christian Democratic ideas elsewhere in Europe. Typical elements were the subordination of economic life to spiritual life, economic freedom conditioned by social justice and the reconciliation of capital and labour. The social function of private property was probably the clearest social capitalist proposal present during the time of the drafting of the Constitution. Paolo Emilio Taviani, a prominent Catholic anti-Fascist, gave the clearest definition: "In order to guarantee the freedom and affirmation of the human person, private property is recognized and guaranteed. In order to guarantee the personal and social functions of private property and the possibility for all to gain it through work and savings, the law will determine the norms regulating its purchase and transfer, its limits and its enjoyment. When required by the exigencies of the common good and in order to avoid private privilege or monopolistic positions and to obtain a more equitable and convenient rendering of services and distribution of production, the law can reserve to the collective ownership of the State (...)" (as cited in Einaudi and Goguel 1952: 36). The Christian Democrats, therefore, did leave ample room for substantial state intervention, interestingly enough also with respect to expropriation.

The initial phase of the political struggle over the Constitution was determined by the question whether the pre-Fascist bourgeois liberal order had to be restored or whether a social order ought to be constructed in which there was room for the granting of social rights in addition to political liberty (Vercellone 1972: 123). The central issue involved the extent of state intervention and social rights. The Left opted for a 'Socialist' constitution and proposed radical change of the societal order. Such a document was perhaps not to be a Socialist blueprint but should at least facilitate the

transition to Socialism (De Grand 1989:109). The DC demanded change according to the social capitalist doctrine of gradual change and the 'social embeddedness of private property'.

The result of the political struggle around the Constitution was a -sometimes contradictory- compromise, in which on a majority of items Christian Democracy nevertheless was able to impose its views (Einaudi and Goguel 1952: 39). The nucleus of the compromise consisted of formulations that did not exclude drastic change, but did not demand the immediate transformation of society either. Both Christian Democracy and the Left -strikingly similar to comparable developments in Germany- had an interest in a relatively open formulation of the important social and economic clauses, in the hope of future strength. The republican Constitution "left all options and solutions open: the ultimate decision was to be left to the political will of the groups which would prevail in Parliament (...)" (Vercellone 1972: 126). A telling change concerned the compromise on the first article, from: "Italy is a workers' republic"; to: "Italy is a democratic republic founded on labour". The Christian Democratic influence is clearly discernable in articles 41, which limits private enterprise by the concept of social utility, and 42, which defines the right to limit private property according to social function. Perhaps a similar assessment might be possible for the formulation of article 36 which states that "a worker is entitled to a remuneration in proportion to the quantity and quality of his work, and in all cases this should be sufficient to ensure a free and dignified existence for himself and his family" (as cited in Vercellone 1972: 130).

Most influential and successful were the Christian Democrats in reinforcing the strengthened position of the Church in the republican Constitution. Here the Constitution is most contradictory, since, on the one hand it recognizes that all religions are equally free before the law (article 8), but on the other hand it incorporates the Lateran Treaties of 1929, which privilege Catholicism (article 7[12])(Vercellone 1972: 125[13]). The intriguing aspect of the political game around

12) Article 7 reads: "The state and the Catholic church are, each in its own sphere, independent and sovereign. Their relationships are regulated by the Lateran Treaties. Modifications of the Treaties, accepted by both parties, do not require the procedure of constitutional amendment" (As cited in Einaudi and Goguel 1952: 39/40).

this issue and -as I argue below- vitally important in the Christian Democratic power play concerns the fact that the DC managed to defend the position of the Church with Communist authorization.

Economic Recovery and Social and Economic Policy

For social capitalism to take shape in Italy capitalism itself had to be reorganized and incited first. The government had two main objectives: the continuation of economic reconstruction and the restoration of the public order. These aims were closely related, for restoring the public order implied "limiting strikes -especially those of a political disposition-, stabilizing the discipline in the factories, eliminating the atmosphere of psychological pressure which the masses organized by extremist parties exercised on the well-to-do classes, reinforcing the state's authority and enable the state to control and contain any street action" (Mammarella 1985: 99, my translation). De Gasperi's policy in the coalition government (DC, PCI, PSI, PRI) was clearly to accord priority to economic recovery at the expense of social policies. Economic construction was based on a mixed strategy of capital accumulation on the basis of low wages, deflationary monetary policy, unemployment and the attempt to obtain and secure economic aid from the United States.

Economic recovery went surprisingly fast. By 1948 the 1938 level of manufacturing was reached, by 1950 agricultural output yielded its prewar level, while per capita income followed in 1951. The conditions of recovery were relatively favourable since the war damage turned out to be much less dramatic than in, for instance, Germany. In addition, a cheap and -chiefly as a result of demobilization- considerably mobile labour force was available (King 1987: 42).

The main obstacle was galloping inflation, which was partly due to the drastic decrease of production, but also caused by the presence of an exorbitant quantity of money. The deflationary policy (credit control) of Luigi Einaudi, who had a "mystical hatred of inflation" (De Cecco 1972: 175), was entirely grounded in an "almost religious belief in liberalism" (De Cecco 1972: 161), but was successful in that it

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13) (...continued)

13) See comprehensively Settembrini (1977: 130 - 185), who analyzes the formula of the religions or confessions being 'ugualmente libere ma non uguali'.

deflationed the economy considerably. An immediate negative impact of this policy, however, was that it caused a recession with increasing unemployment, while production actually declined. According to De Cecco the deflationary policy pursued prior to the decisive elections of 1948 can only be explained in political terms: "The government coalition decided to seek the favour of the middle classes and of the peasants who, employed in what was eminently a subsistence agriculture, would not have felt the consequences of the deflation (...). Moreover, the middle classes had suffered because of the depreciation of their savings and would give their confidence only to a government that would dramatically put a halt to the uninterrupted rise of prices" (De Cecco 1972: 174).

American Support, the Expulsion of the Communists and the Elections of 1948

In the first elections under the new Constitution (1948) the DC won 48.5 percent of the total which gave the party the absolute majority in Parliament, that is 305 of a total of 574 seats. What were the conditions of this extraordinary electoral triumph? Einaudi and Goguel (1952) point to the preliminary achievements of the DC. The Christian Democrats had developed a political program appealing to a cross-section of society. It could boast of a good Constitution, on which it had had momentous influence and for which it claimed recognition and credits. Moreover, the DC had shown remarkable political skills in letting Liberals push through impopular deflationary politics, so that the party would not have to do the dirty work, while still being able to profit form its stabilizing effects[14].

Other catalysts of the electoral victory concerned: a) anti-Communism; b) Marshall aid; c) the intervention of the Church. In a specific sense they all worked in one direction: the isolation of Italy's Left and the establishment of Christian Democracy in the centre of power. The isolation of the Italian Left (both Socialism and Communism)

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14) The judgement of Einaudi and Goguel, writing in 1952, is more positive: "By turning over the management of economic affairs in the spring of 1947 to non-Christian Democratic hands, it showed that party politics and prestige were not placed above the welfare of the nation. The economic policies followed since May 1947 and for which the Christian Democratic government assumed responsibility did much to create the framework of stability within which a meaningful discussion of future policy could be carried out" (Einaudi and Goguel 1952: 51).

found its origins, however, already in the beginning of 1947 when a Socialist group (led by Saragat), which opposed the continuation of cooperation with the Communists, left the party. This happened when De Gasperi had travelled to the United States in order to secure American economic aid. The Socialist schism and the resulting political crisis appeared to provide a unique opportunity for the increasingly anti-Communist Christian Democracy to provoke an end to the government participation of the Communists and Socialists. Upon his return in January form the United States, De Gasperi handed in the resignation of the government, yet, the Left was not immediately expelled from governmental power.

De Gasperi's journey to the US had been extremely successful. He brought with him to Italy a loan of $100 million, a financial compensation of about $50 million, financial prospects for Italian industries, and the release of Italian assets in the US (Harper 1986: 108-116). There is some disagreement among students of Italian political history about the question whether the Americans made the financial assistance directly contingent upon the expulsion of the Left from the government or not. According to one observer the Americans had demanded precisely this and De Gasperi is reported to have confirmed the American pressure (Mammarella 1985: 107). Another historian (Ginsborg 1989), however, -while recognizing the fact that De Gasperi was quite ready to dispose of the Communists and the Socialists- claims that this hypothesis is implausible and belongs to the mythology of the Cold War. The relationship between the USA and the DC was not (or not yet) one of command and obedience. There was still vehement struggle between the various state departments in the US, US foreign policy was in transition and the Truman-doctrine was not yet formulated. The American policy was defensive and concerned the problem how to contain the Communist advance rather than when to terminate a government coalition in Italy.

On the other hand, it seems also quite implausible that the whole matter of Communist government participation in Italy was not raised at all during De Gasperi's visit. In fact, the Italian Ambassador to Washington, Alberto Tarchiani, recalls in his memoirs that "(...) in order to obtain sufficient support for our adequate recovery, for our necessary military preparation and for our effective participation in international conclaves (...) the Italian government needed to be homogeneous, efficient and explicitly dedicated to a policy which combined dignity and independence with loyalty

to the common aims so often proclaimed with our friends abroad, but kept quiet about at home" (cited in Warner 1972: 52). In the then prevailing political discourse, this was hardly a message that could have been misunderstood.

De Gasperi probably was looking for a way to get rid of the Communists and the American foreign policy makers did utilize their financial resources for exerting pressure on the leader of the DC. Given these considerations, the intriguing question becomes why the Communists were not immediately forced out of the new coalition that was formed after the crisis provoked by the Socialist schism. There are several reasons for this. First of all, in order to form another coalition the DC had to find other partners. This was not easy since the small parties on the democratic Left refused to cooperate (Mammarella 1985: 107-108). A Christian Democratic minority cabinet, furthermore, would likely stir up tensions in the nation which, in turn, might interfere with the concluding phase of the negotiations over the Constitution. At the time there was not yet agreement on the precarious and for the DC vital article 7 (the Lateran treaties), for which the Communist vote was indispensable. Finally, there was still the peace treaty to sign and the DC leadership deemed it politically dangerous to bear the sole responsibility for the expected unfavourable political aftermath of the treaty (Mammarella 1985: 108).

The third De Gasperi cabinet can best be interpreted as a Christian Democratic attempt to gain time for the preparation of a government without the Left (Mammarella 1985: 109). The Communist strategy, on the other hand, was fueled by the conviction that continued collaboration with the DC would be politically favourable. The Communists hoped that their support for article 7 would be rewarded by prolonged government participation[15]. In effect, the opposite was true: the safeguarding of the interests of the Church in the Constitution reduced the Christian Democratic dependence on the PCI and consequently intensified the anti-Communist factions within the DC.

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15) The PCI pursued a short-term and long-term strategy of alliances. "In a move that helped shape the political system for the next two decades, Togliatti instructed his party to vote for the inclusion of the Lateran Treaty in the Constitution of the Republic. This choice (...) was (...) guided by Togliatti's long-term strategy, rather than by short-term considerations. He understood that the days of the coalition were numbered, but he wanted to maintain a privileged relationship with the Catholic church and the Christian Democrats. There was no question in his mind that the PCI and the Christian Democrats (...) would have to reach a compromise" (De Grand 1989: 109).

A worsening of the economic and social situation in Italy (inflation of 50 per cent, strikes), increasing disparities between the PCI and the DC with regard to state intervention, the declining popularity of the DC[16], and the deterioration of the relations between the United States and the Soviet Union in this period added to the pressure to compel the Communists out of the government[17]. In addition, there was insistence form large industry and the employers' organization 'Confindustria' "(...) to orient economic policies in the direction of favouring the reconstitution of existing economic infrastructures -i.e. the large economic concentrations to the detriment, if not exclusion, of the small- and medium-sized industries that had been foreseen in the post-war model of economic reform (...)" (Leonardi and Wertman 1989: 57; see extensively Salvati 1982). Finally, the right wing of the DC urged De Gasperi to end the collaboration with the Communists.

On 12 May 1947 the historical anti-Fascist coalition of Christian Democracy and the Left cracked, culminating in a political crisis decisive for post-war Italian politics. The Italian political system was turned into a system of a 'bipartitismo imperfetto' (Galli 1984)[18]. The DC formed a minority government ('monocolore'). An immediate effect of the exclusion of the Left and the formation of the single party government consisted of a swing to the right of the DC itself. The government was supported by the Liberals and the Right (Monarchists and 'Uomo Qualunque') and the DC appeared to suspend its program of moderate reform, that is the social side of capitalism. "For the vast part of the country, which -while objecting to the program and ideology of the extreme Left- acknowledged the need of renewal and progress, the solution of the political crisis of May 1947 was a costly victory" (Mammarella 1985: 113, my translation). Another immediate effect of the expulsion of the Communists and the growing atmosphere of anti-Communism was a boosting polarization, which forced

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16) In the Sicilian regional elections of april 20-21 1947 the DC crumpled from 33.6 % to 20.5 %. In the cities the loss was dramatic. In Catania the votes dropped from 33.9 % to 9.8 % (Ginsborg 1989: 146).

17) In March 1947 the Truman doctrine was formulated and the Americans made it clear that the DC should break with the PCI (Ginsborg 1989: 147).

18) This imperfect two-party system concerns the coincidence of a pluralist political system in which two major parties dominate (the PCI and the DC), but of which only one (the DC) can assume power at the governmental level.

other political movements to choose between the two camps. The DC profited from these conditions by broadening the base of the government, constructing a coalition of four parties: the new formula of the 'quadripartito'.

Under these circumstances the elections of 1948 were held, which witnessed a desperate attempt of the Left to counter Christian Democratic power. The PCI and the PSI combined their forces on one list, which had at least the unintended effect of highlighting the contrast between the Left and the DC and added to the fear for a Communist take-over. This fear was blatantly exploited by the DC. The Communist *coup d'état* in Czechoslovakia augmented the salience of the anti-Communist issue and functioned as a formidable electoral catalyst for the DC vote. The keynote of the election campaign quickly condensated into a choice between (Christian) democracy and Communism.

To this theme of the elections was added the religious factor. The political struggle was transformed into one of "apocalyptic proportions, and the vote was depicted as a telling climax in the battle between Christ and Antichrist, between Rome and Moscow" (Kogan 1983: 39). The Church intervened politically at all levels of the hierarchy. It was proclaimed a mortal sin not to vote or to vote for those candidates who did not respect the rights of God and the church. Parish priest directly summoned to vote the DC. Finally, the so-called 'civic committees', the nucleus of which was formed by the various branches of Catholic Action, performed critical political tasks. These parochial committees (numbering about 20.000 and organizing approximately 30.000 members) were to persuade and to instruct hesitating, ill and even illiterate voters to elect Christian Democratic candidates. The central organization was sponsored by the Banca Vaticana, the American embassy, and the employers' organization 'Confindustria' (Ginsborg 1989: 154-155; Settembrini 1977: 209-210). Finally, the 'apocalyptic proportions' of the campaign virtually bestowed a devout aura on the efforts of religious women within the organizations to canvass for votes.

The American government not only intervened by assisting the democratic parties financially and even mobilizing the Americans of Italian descent (Kogan 1983: 39) to instruct their kin in the home country, but also made the Marshall Aid to Italy contingent upon the election results (Mammarella 1985: 140). Referring to the 1948-elections the press officer of the US State Department said (March 1948) that "if the

Communists should win (...) there would be no further question of assistance from the United States" (cited in Warner 1972: 53). And the role of the United States and their funds were neatly integrated into the electoral campaign of the DC, as witnessed by the text of the following DC-pamphlet of 1948: "Coi discorsi di Togliatti non si condisce la pastasciutta. Perciò le persone intelligenti votano per De Gasperi che ha attenuto gratis dall'Americani la farina per gli spaghetti e anche il condimento" (DC-election pamphlet 1948, cited in Ginsborg 1989: 155[19]).

Centrism and Social Policy: the Obstacles to Reforms (1948-1953)

Four days after the elections, De Gasperi announced that "the people wait for the battle against unemployment, the amelioration of work, agricultural reforms. All this will be done" (as cited in Ginsborg 1989: 157, my translation). The government formula to start these reforms consisted of a four party coalition of the centre-right. It was a precarious balance between reformist and conservative political forces and was the result of a necessity: there was no alternative (Mammarella 1985: 150). The coalition was sealed mainly as a consequence of shared anti-Communism and much effort had to be put in trying to keep the parties together (Kogan 1983: 59). In addition, De Gasperi had to employ all his political skills and authority in order to keep the various 'correnti' (factions) within the Christian Democratic party itself together. These factions ranged from the right (monarchists, allies of business and landowners' interests, clericalists), via the centre (supporters of De Gasperi's centrist policies), to the Left (adherents of Gronchi, trade unionists, the group around Dossetti -later Fanfani- and the 'Cronache Sociali')[20].

What is of special interest here is the government's program of reforms and what came of it under these delicate political conditions. The land reform, which was one of the Christian Democratic promises during the election campaign, is certainly the

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19) "With the speeches of Togliatti one cannot flavor the pastasciutta. That is why intelligent persons vote for De Gasperi who not only obtained from the Americans the flour for the spaghetti for free, but also the spices".

20) See on factions and Italian Christian Democracy: Belloni (1972); Belloni and Beller (1978); and Zuckerman (1979).

most crucial of all. The agrarian issue became particularly pressing when in the end of 1949 peasants grew increasingly discontent and started to occupy lands in Sicily and other areas in the south. They claimed ownership of lots, which in many cases they were already cultivating. These actions provoked harsh repression by the police and - what caused even more bitterness- by the hirelings of the landowners. After the tragedy of Melissa (in Calabria), where three people got killed and fifteen wounded (Ginsborg 1989: 164-165) and Modena, where six workers were killed by the police (Galli 1978: 129) and the protests this inflamed throughout the nation, the DC was finally instigated to action.

In favour of agrarian reform within the DC were the Left-wing faction around Dossetti (Galli 1978: 132f), and some important industrialists who feared that disruption of social stability would interfere with their own interests. Three subsequent laws were passed that authorized expropriations of land and its redistribution to day labourers, sharecropping farmers or small farmers[21]. In addition, technical and financial assistance was offered for land improvement.

In the Christian Democratic view of power mobilization the land reform was to serve an economic and a political goal (Mammarella 1985: 170). Economically, the land reform was expected to lead to an increase in agrarian production, which it did not because the whole operation was of too small a scope and not adjusted to the demands of modern farming. Politically, it was to disengage large segments of the rural population from political extremism, which it did not do either. The beneficiaries of the reform hardly changed their opinions at all.

One intriguing aspect concerns the paternalistic approach of the land reform (Grindrod 1977: 203). Where traditional feudal bonds between landowners and day labourers were broken, "rigid obligations to the reform's administrators" (King 1987: 158) took their place. An aspect where social capitalist notions clearly came to the fore pertained to the aim that land reform had to generate a class of small owner-farmers, whereas "even within the reform districts, the small and medium *borghesia*, who still draw part of their income parasitically from the renting out of land, have been left

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21) For more detailed analyses: King 1973; Grindrod 1977: 200-203; Mammarella 1985: 167-168; Ginsborg 1989: 175-183.

untouched" (King 1987: 158/159). Expropriation, therefore, was meant to recreate private property and not to transfer it to public authority.

Land reform also tended to reinforce existing clientelistic ties. The amount of land falling under the reform bills was not sufficient to satisfy the needs of impoverished peasants. The scarcity of lands to be allocated and the weakness of impartial distributive mechanisms reinforced "the network of patron-client relationships, creating ritual ties between peasants and aspiring beneficiaries on the one hand and local political leaders and reform agency bureaucrats on the other. Since the reform was a DC policy, it certainly favoured peasants belonging to that party, as well as strengthening the government's electoral base in rural areas, stemming the Communist advance (...)" (King 1987: 157).

Land reform must be viewed in close association with other attempts to adjust the regional social and economic imbalance in Italy. The 'Cassa per opere straordinarie di pubblico interesse per il Mezzogiorno' (1950) represented the first attempt for a long-term development policy for the south (Allum 1972: 119). Its main goal was to improve the infrastructural context of production (both agricultural and industrial) in the backward areas through public works. A somewhat effective employment policy was initiated in the form of a reforestation plan and the INA-Casa plan. In addition to providing employment the latter plan was meant to attack the housing problem and construct low priced 'case populari'. These years also witnessed the first attempt to introduce in Italy a modern taxation system, of which it was hoped that it would reduce the huge tax evasion. The tax reform failed entirely.

The assessment of the social policy of the first legislature is largely negative (Mammarella 1985: 187-188). The reforms that were carried through were the result of too many compromises, as a result of which they were inefficient, and therefore did not precipitate the necessary profound changes. Other social problems, like education and unemployment, were not confronted directly at all.

In sum, the balance between reformist forces (Social Democrats, the moderate and Left wing of the DC) and conservatives was so precarious that it effectively blocked a constructive social policy. The price paid by the DC (and by Italian society) for the successful manoeuvering between the extremes was that "the party's constituencies tended at times to checkmate one another to the point where agreement on policies was

almost impossible to achieve. The original promises of social reforms had bit by bit to be abandoned" (Spotts and Wieser 1986: 24). More energy and political skill was wasted by the political need to keep the coalition together than actually was used for undertaking imperative reforms.

Immobilism and Power Politics (1953-1958)

Three factors contributed to growing political and social tension and critique of the DC towards the end of the first legislature and aggravated the political tensions during the second legislation period: 1) the accumulation of power by the DC and the growth of 'sottogoverno'[22]; 2) the attempt of the DC to change the electoral law in its own interest; 3) the excessive influence of the Church on Christian Democratic politics.

Sottogoverno. The Christian Democrats used their power to expand their position throughout the state apparatus and the state-controlled corporations and banks. The DC annexed the state economic sector, a policy perfected during the second legislature. Rather than as a means for the accumulation of personal power, the colonization of the (semi-) public sector -at least in the beginning- must be interpreted as a method for constructing new power resources and as a clever manner for appeasing intra-party struggles among factions. Such a strategy would secure the DC a relatively autonomous position from the Church and other Catholic organizations, upon which the initial prosperity of the DC had depended so much, but for which a remuneration in terms of direct political control was now claimed.

The 'Swindle Law'. A modification of the electoral law was drafted by the DC in order to guarantee the government parties a workable majority in parliament. This 'swindle law', as it became instantaneously known, would accord 65 percent of the parliamentary seats to the combination of parties that would realize 50.01 percent of the vote. This Machiavellian manoeuver provoked fierce political reactions for its undemocratic implications and was compared to the Acerbo Law of 1923 which had

22) The phrase 'sottogoverno' dates from these years.

provided the Fascists their first 'majority'. The law played a major role in the election campaign of 1953. The unseemly attempt to assure a parliamentary majority in such a way -next to the lesser role played by anti-communism and foreign policy in the electoral campaign- contributed to the notable electoral loss of the DC in 1953 (from 48.5 % to 40.1 %). More importantly and somewhat ironically, the governing parties gained only 49.85 percent of the vote, rendering the 'Swindle Law' ineffective in its anticipated consequences and locating the problem of finding a workable majority again in the centre of politics.

The Political Role of the Church. According to Kogan (1983: 59) the Church and Catholic Action "became increasingly aggressive in public life". Settembrini (1977: 458-491) provides an -although incomplete, but most telling- list of political interventions by the Church in the period until 1962 (the first centre-Left government): 114 electoral interventions, 78 interventions against the 'apertura alla sinistra' (the opening to the Left), 82 various political interventions, 21 interventions against freedom of speech and of the press, 22 interventions demanding confessional education, 18 interventions involving pressure on the government, and 18 interventions against non-Catholic beliefs. Furthermore, in the summer of 1949 Pope Pius XII had excommunicated (or threatened to do so) members and adherents of the PCI and the Civic Committees of Catholic Action, which had been instrumental in the victory of 1948, put severe constraints on the room to manoeuvre of the DC (Settembrini 1977: 242-253), thus adding to the urgency of the Christian Democratic search for a more independent power basis in the 'sottogoverno'.

The period 1953-1958 is one of the most complex phases of Italian politics. The outcome of the elections impeded a smooth return of a four party coalition and blocked what was left of the reformist zeal. "The reformist urge that had marked the early years of the preceding legislature was further diluted by the energy absorbed in finding majorities that would then collapse and have to be re-created" (Kogan 1983: 68). The minority cabinets of the DC continuously needed the support of the Right, which rendered reforms recurrently difficult and generally impossible. This constituted the kernel of immobilism of politics at the level of state policies. Nevertheless, party

politics flourished (Mammarella 1985: 206), both in the sense that attempts were made within the DC to prepare a future deal with the Socialists as a way out of the partisan deadlock and in the sense of strengthening the power of the party in the state and the semi-public agencies.

Yet, initiatives of social policy and social reforms were taken during this period, of which the most important were the 'Ten-Year Plan for the Development of Employment and Income" of the Christian Democratic Budget Minister Vanoni and the extension of pensions to farmers[23]. The Vanoni-plan represented the first shot at systematical intervention in the economy. Its principal aims were to increase investments, to stimulate economic growth, to raise the level of consumption, to create employment, and to redistribute wealth (regionally, sectorally and socially) (Mammarella 1985: 222-223; Kogan 1983: 81-82). Although the plan was approved in Parliament and despite its moderate inclination, the politics of parliamentary immobilism subsequently stripped it of its main -potentially effective (Mammarella 1985: 223)- elements until nothing was left but "a series of projections of future economic developments" (Kogan 1983: 81).

The Power of Christian Democracy, Institutional Clientelism and the Particularist Welfare State

The immobilism of the period predominantly existed at the surface of party politics. Simultaneously, Christian Democracy managed to build a new system of power in the state, establishing a new consensus in Italian society (Ginsborg 1989: 193). It is the penetration of party, state and the semi-public sector by DC loyalists that has come to characterize the welfare state in Italy and consequently has accorded social capitalism its élan à la Italy.

Nevertheless, this pattern of state organization was not simply the outcome of Christian Democratic power politics. The state that Christian Democracy inherited from the Liberal and Fascist period could already be identified as a centralized, inefficient,

23) "Motives other than reform were behind its passage: it was an instrument for consolidating the control of the Christian Democratic farm federation, the Coltivatori Diretti, over peasant proprietors" (Kogan 1983: 80/81).

clientelistic state, which had a disproportionate number of employees recruited from the south, and which was surrounded by a labyrinth of parallel bureaucracies of state corporations and other public agencies (Ginsborg 1989: 193-196). These features of the 'archipelago' were transplanted into the new republic and subsequently were modified and exploited by Christian Democracy. They produced what Donolo (1980) has called a peculiar form of latent corporatism.

The doctrine of subsidiarity and comparable notions facilitated and sanctioned the assimilation of the parallel bureaucracies and public agencies ('enti pubblici'). And there was quite an array of agencies to absorb. In 1947, for instance, there existed already 841 of such agencies. The main sectors comprised, first of all, the railroads, post and telecommunications, as well as the state monopolies (tobacco, salt); secondly, the Institute for Industrial Reconstruction (Istituto per la Ricostruzione Industriale, IRI: the state's nationalized industrial sector[24]), employing 216,000 persons in 1948; thirdly, the local governments; and fourthly, the entire social welfare sector.

The Fascist Heritage and the Failed Reform

The 'enti pubblici' of the welfare state have their origins in the Fascist period. These institutions comprise the 'National Institute for Social Security' (Istituto Nazionale della Previdenza Sociale, INPS) for old age, invalidity, unemployment, family allowances and tuberculosis; the 'National Institute for Occupational Accidents Insurance' (Istituto Nazionale per le Assicurazioni contro gli Infortuni sul Lavoro, INAIL) for invalidity; and the 'National Institute for Sickness Insurance' (Istituto Nazionale per l'Assicurazione contro le Malattie, INAM) for sickness. Fascism had accorded a preeminent position to social policy as an instrument of social consensus, parallel to its corporatist design (Paci 1989a: 84; Ascoli 1984b: 28). Fascism, however, had left the insurance bias of the Italian system intact and had given it a corporatist twirl. In spite of massive state intervention, the Fascist calculating strategy had been incapable of breaking the strength of Catholic action in the social assistance sector, the traditional bulwark of the

24) The IRI-construction involves the public ownership of private firms and has established a powerful interpenetration of political and economic interests. It grew eventually into a brood-cell of "a new ruling class of public managers promoted by and supporting the emerging groups of DC politicians" (Bianchi 1987: 287).

Church. On the contrary, the Concordat of 1929 even implied a reinforcement the control of Catholicism in this dominion (David 1984: 189).

The Italian republic, then, inherited from Fascism a social welfare system, which was characterized by a corporatist social security system, a para-statal organization of social security administration and a predominant position of the Church in social assistance (Paci 1989a: 85). In particular, the structuration of the administration of the welfare state through 'enti' prepared the road for the insertion of the welfare system into the emerging party and faction system of post-war Italian politics (Ascoli 1984b: 29).

Immediately after the war social policy reform gained a prominent place on the political agenda (Ferrera 1984: 36). In april 1947 a parliamentary Commission, chaired by Ludovico D'Aragona, was installed in order to prepare a reform of the social security system (Cherubini 1977: 365-372). A year later, but just before the new Constitution went into operation, the Committee presented its report. In this way the government demonstrated its intention to profoundly recast the Fascist heritage (Paci 1989a: 85).

The report's projected main innovations were 1) institutional centralization, unification and therefore simplification, according to every risk only one scheme; 2) extension of social security to all employees and self-employed for sickness, old age, invalidity, accident, and to all employees for unemployment; 3) the introduction of a general old age pension system for employees, providing for a minimum pension to be complemented by private provisions; 4) the linking of benefits and income (Ferrera 1984: 36-37; Paci 1989a: 86). Perhaps not an Italian Beveridge-plan, the D'Aragona-blueprint would have implied a significant innovation of the highly fragmented and differentiated social security system of Italy (Ferrera 1984: 37). 'Would have', because none of the proposals made it during the period of "Christian Democratic hegemony" and the "permanent suspension" (Cherubini 1977: 372) after the elections of 1948. Christian Democracy, in the course of two legislatures, managed to live up to one principle with respect to reform: to give in as little and as late as possible and only when compelled by the logic of parliamentary majorities (Cherubini 1977: 390).

The Fascist particularist heritage of social policy was adopted by the centrist governments and made subordinate to the 'politics of consensus' of Christian

Democracy in an attempt to substantiate and reinforce its middle class support. Social policy improvements concerned extensions to small farmers, artisans, and shop-keepers and merchants ('commercianti'). The development of social security was largely incremental, and particularly the number of 'enti' multiplied, the main guiding principle being "un'ente per ogni categoria di soggetti" (Ascoli 1984b: 31), i.e. a further fragmentation of the system through occupational differentiation. In contrast to Germany, Christian Democracy hardly produced any social policy innovations. Whereas the German Christian Democrats not only successfully resisted Allied attempts to break with the particularist social security tradition in Germany, the Italian Christian Democracy did not have to mobilize its resources to block universalist reforms in any comparable way, but -on the contrary- used the social security heritage to further its own power resources.

Clientelism, the Welfare State and Christian Democracy

Italian social scientists have come to view the Italian welfare state as a peculiar mixture of particularism and clientelism (Ascoli 1984b; Ferrera 1984; Paci 1984; 1989a; 1989b). The particularism of the Italian system is first of all present at the institutional level where "benefits are conferred primarily on the basis of occupational status of the beneficiary. The distributive principles that inspire it are sectoral solidarity and a correspondence between care offered and work performed (or contributions paid)" (Paci 1989b: 217). This particularism however, is not only prevailing in the labyrinth of differentiated schemes and benefits, but also in the manner of financing of social security, where certain groups (public employees, self-employed) benefit disproportionally (Paci 1984: 307). Pensions, however, are a peculiar case. Of the developed capitalist democracies, Italy had (in 1980) the largest number of occupationally distinct public pension schemes in combination with the lowest spending on private pensions (about 2 percent of total pension spending) (Esping-Andersen 1990: 70). Even the Italian expert on pensions, Castelino (1976) found it difficult to construct an inventory of the numerous 'enti', institutions, 'casse', etc. that make up the maze of the pension system. "To whom, for instance, must one turn", he complains, "(...) to get information about this 'Social Security Fund for Supervisors of Bookshops in Railway

Stations' that around 1960 counted (...) around 200 insured" (Castelino 1976: 10, my translation).

Selectivity, status reproduction and representation of sectoral interests do not necessary lead to the distortion of impartial administrative principles. On the contrary, "The existence of strong sectoral representation, with financial and administrative autonomy and with regulatory powers, reduces the risk of 'slippage' from the 'particularistic-meritocratic' type of welfare, to the 'assistential-clientelistic' type, which instead characterizes the Italian situation" (Paci 1989b: 219). It is the "extensive clientelistic character that the provision of services has taken on, in both its 'corporate' and its 'assistance' components" (Paci 1989: 222), which makes the Italian welfare state peculiar.

Now, what actually is meant by 'clientelism'? I propose to adopt here Walston's (1988) definition of interventionist state clientelism, which precisely emphasizes the role of state agencies in the political pathology of the Italian system. This type of clientelism -as in contrast to notable clientelism- "(...) works in a society which has a bureaucratic form but a personalistic substance; clientelism flourishes where part of the state structure is inadequate (...). State resources due to the citizen may not be forthcoming so that there is the need for a patron, or the division of resources can be influenced by patrons. Either way the official procedures do not function properly" (Walston 1988: 8). Two criteria need to be fulfilled: 1) it must concern a public resource "to which, in theory, every citizen has an equal right" and 2) "the exchange itself must be in conflict with the official morality" (Walston 1988: 28).

Clientelism with respect to the welfare state, then, refers to the distribution of benefits and services based on an exchange between a patron in the welfare agency and a client under conditions of failing state bureaucracies. The principles of distribution are political and personal and are not part of "the official set of values; since the controllers and mediators of public resources are the members of the bureaucracy and/or of representative institutions both of whom depend upon and are in contact with the whole of society, this type of clientelism is a mass phenomenon" (Walston 1988:

23). The patron gets repaid for his 'service' in money or in a remuneration that is political. The political compensation may be a vote or a financial gift to the party[25].

This is the quintessence of the clientelism of the Italian welfare state. It clarifies the critical position of the public agencies in the system and conjectures their failure as a pre-condition for welfare clientelism. The welfare agencies were quickly recognized by Christian Democrats as potentially rich sources for political power (Cazzola 1979). It was through the establishment and the diffusion of clientelistic relationships that Christian Democracy created a power base of its own in the semi-public welfare sector. Social security benefits were and are an important if not the main income source for many. Pensions have been the main object of clientelistic exchanges, simply because of the number of people involved. In 1955 3.5 million pensions were paid, summing up to an expenditure of 496 billion lire (= 3.3 % of GDP) (Ferrera 1984).

The welfare agencies were also turned into an important 'job machine' where thousands of jobs are distributed to party loyalists. Spotts and Wieser (1986: 144) conclude their analysis of the 'sottogoverno' and the Italian welfare state by stating that "in Italy the political-selection process was extended from the top to the bottom of the government and then spread in the public agencies, where it influenced virtually every appointment, including secretaries, messengers, and clerks. In this way the 'sottogoverno', with its thousands of public entities and hundreds of thousands of jobs, was transformed by the Christian Democrats into the biggest pool of patronage in any democratic state. This is how the party card became almost as important in Italy as in Communist countries".

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25) It is not immediately obvious how (secret) votes can be rewards in return for a welfare favour of 'padroni'. For how would a patron be able to control whether his client actually fulfills his side of the bargain in the act of voting? The answer lies in the peculiar Italian system of preference voting, where the voter has several votes and the order of preferences matters. Local party bosses have become quite sophisticated in dictating their various clients different combinations of preferences. On the basis of a careful study of the combinations of names they can tell with almost mathematical precision who and who did not adhere to the agreement. As a result, the Italian political system of voting, which was originally meant to allow for a maximum of choice on the side of the electorate, was turned into a perverse system of control of the political class over the voters, especially in the big cities in the south (A. Panebianco in the *Corriere della Sera*, June 3, 1991). The outcome of the recent referendum (june 1991) abolishes the system of plural preferences and is bound to change the logic of clientelistic electoral behaviour.

The political history of Italy in the 1960s is primarily characterized by the transformation of the centrist formula of government and the gradual development towards and realization of an alliance between Christian Democracy and Socialism. This realliance of political actors would in principle have been able to broaden the possibilities for social reformism. In reality, however, the period witnessed an almost complete standstill of sociopolitical efficacy. The political stalemate was only briefly broken by the unsurpassed mass mobilization of students and workers in the late 1960s[26]. At the same time, Christian Democracy managed to expand its power outside the strictly electoral realm, whereas the Socialists eventually were seized by the power virus, too, and demanded (and collected) their share of political resources.

A number of political and social changes provided the pre-conditions for the 'apertura alla sinistra' on the side of the Christian Democrats and the increasing legitimacy of the Socialists as a party of government. At the local level (Florence, Milan, Genoa, Venice) experiments with the new centre-Left formula had already proven their viability before 1962. At the international level, with the Democratic president Kennedy in the White House, US resistance against the inclusion of the Socialists not only rapidly declined (Ginsborg 1989: 350), but was even transformed into support for the construction. The PSI, on its turn, renounced its anti-Atlanticism in early 1962, started to support NATO as a defensive alliance and thus removed a major obstacle for the centre-Left experiment[27].

An unanticipated, yet vital change concerned the metamorphosis of Vatican policy towards Italian politics. Pope Pius XII, who had so often directly intervened in Italian politics, died in 1958 and was succeeded by John XXIII. The church had been against any experiment with the a coalition between Christian Democracy and Socialism and had not hesitated to make this point of view well-known. The Church's position was moderated in 1961. The opposition against the cooperation between Catholics and Socialists withered away. The DC thus obtained more room to manoeuver (Mammare-

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26) See for an extensive accounts of the events, their origins and meaning, Lumley (1990).

27) The Socialist leader, Pietro Nenni, published an article in the American Journal *Foreign Affairs* defending the changed position of the PSI (Platt and Leonardi 1979).

lla 1985: 271) in its search for a workable and productive parliamentary majority. More important, however, was the fact that the ecclesiastic hierarchy decided to cancel the practice of continuous and direct intervention in political matters. The 'civic committees' of Catholic Action, which had been so instrumental in channeling the Vatican political message to the people and had constituted the bulwark of Catholic Conservatism, gradually lost their political significance and almost instantaneously vanished (Ginsborg 1989: 352). The Vatican urged Catholic Action to concentrate on spiritual matters only. The publication of 'Mater et Magister' (1961) marked a break in official Vatican ideology and further undermined Conservative Catholic resistance against the 'apertura'. "The encyclical's broad endorsement of a mixed economy, its rejection of the uncontrolled market, its call to bring the disinherited into the social and political order, its emphasis on social justice and economic development, could be legitimately deduced in its application to Italy as backing for the direction being pursued by Moro and Fanfani (at the time the main protagonists of the 'apertura') and as a rejection of the policies advocated by Catholic Action" (Kogan 1983: 166-7). The Second Vatican Council and the publication of 'Pacem in Terris'[28] facilitated a beginning rapprochement of Catholics and Marxists (Ginsborg 1989: 353).

Another obstacle for the centre-Left was removed when big business (Fiat, Pirelli, Olivetti) and the corporations of the public sector started to support the idea of Christian-Socialist cooperation (Ginsborg 1989: 357). Planning at the national level was thought to be in their economic interest and the incorporation of Socialists in the government was expected to have a moderating effect on labour unrest. 'Confindustria', however, opposed a possible realliance at the political level vehemently, for a centre-Left government threatened to nationalize the electric-power industries, whose interests it in fact mainly represented. Christian Democrats supported the plan for nationalization also because of the expected political effect of weakening 'Confindustria', which since the second half of the 1950s had started to back the Liberals politically and financially (Kogan 1983: 175).

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28) "The significance of the document was universal; its consequences for Italian life were apparent in three of its fundamental characteristics. First, it was addressed to 'all men of good will', not just to Catholics. Second, it gave major emphasis to the principle of freedom of conscience. Third, it endorsed the possibility and rightness of collaboration for peace and social justice between men who differed on ideological grounds" (Kogan 1983: 180).

There were three distinctive reformist forces actively engaged in the construction of the centre-Left alliance (Ginsborg 1989: 359-62). There were those within the DC (Saraceno, Fanfani) and outside the party (La Malfa, the leader of the PRI) who represented social capitalist ideas most clearly. They opted for socio-political corrections of the failure of the market, especially with respect to the southern question, agriculture, and the large scale drift from the land and the accompanying, uncontrolled urbanization. Such reforms would also have to serve the purpose of increasing the efficiency of the state bureaucracies and diminishing corruption. The Socialists (and the Communists) opted for structural reforms in agriculture, education, and construction. Substantial alterations of the structure of were to facilitate the transition towards Socialism. Rather than to correct the market system, these forces opted for its transformation. Finally, there were those within the Christian Democratic movement, described by Ginsborg (1989: 362) as minimalists, who were most interested in keeping the unity of the party and who wanted to use reforms strategically for power maintenance.

The first centre-Left government (1962) consisted of the DC, the Republicans and the Social Democrats, and still excluded the Socialists. The government presented an extensive reform program (Mammarella 1985: 291-2; Kogan 1983: 172), of which the main elements were the nationalization of the electric-power industry, school-reform, agricultural innovation (abolition of the sharecropping-phenomenon), urban reforms, and the installment of regional governments for which the Constitution had already made the provisions. The Socialists, hampered by the anarcho-syndicalist 'carristi' (Kogan 1983: 173), abstained rather than supported the government and made their future support contingent upon the successful nationalization of the electric-power industry, the reform of the schools (unified 'scuola media'), and the creation of regions with substantial executive authority (Ginsborg 1989: 362).

The government stayed in power for about a year and was to a certain extent effective in carrying out some of the proposals (Mammarella 1985: 293). This in spite of unfavourable conditions, such as the election of the rightist and anti-reformist Christian Democrat, Antonio Segni, as president of the Republic, and the commotion within business circles and the press that predicted economic catastrophe. The five monopolies of the electric-power industry were united under state control in the

National Electric Power Agency (Ente Nazionale di Energia Elettrica, ENEL), while substantial financial compensations were offered. The economic motives for nationalization pertained to the stabilization of prices, the control over investments and the development of the south (Ginsborg 1989:263-4; Kogan 1983: 175). The political rationale was to destroy the hard core of conservative resistance against reforms, concentrated in this part of the monopoly sector of Italian capitalism. The creation of the ENEL was immediately used by the DC to enlarge its influence by stationing party members in the top positions of the ENEL. The 'unequal' distribution of posts contributed to the tensions between the DC and the PSI (Kogan 1983: 177).

The reformist zeal, although still successful with regard to education (unification of the scuola media, an elongation of compulsory education), was interrupted by increasing economic problems, which were partly caused by scarcity of labour power and rising labour costs, and partly by political sabotage through investment strikes. Within the DC Fanfani lost ground for his reformism and the 'minimalists' argued that the DC risked loosing the backing of the 'classe media'. Both the introduction of the regional governments (which would have allowed the Socialists and Communists to govern the 'red belt' of Italy) and urban planning perished as a result of the 'minimalist' power play.

The first centre-Left experiment, in spite of its moderateness, had aroused resistance from all sides. The right accused the Christian Democrats of undermining the traditional values (for instance private property), whereas the Communists denounced the Socialists for betraying the working class by supporting the DC. The elections of 1963 put the DC for the first time under the 40 percent (38.3), while the PSI lost slightly, too. Both the Liberals and the Communists gained in strength. These results were taken as a sign that first experiment had failed. A return to centrism, however, had become difficult, if not impossible and a renovation of the centre-Left formula by including the Socialists in government remained as the only feasible solution.

The centre-Left governments under Aldo Moro (1963-1968) -with direct Socialist participation- retained a rhetoric of reformist commitment, but gradually returned to an almost complete immobilism in the domain of social policy in practice. The Socialists lost a part of their Left wing as a result of government participation (1964),

but temporarily reunited with the Social Democrats (1966). Economic conditions declined (inflation, unemployment) which led to Moro's strategy of 'due tempi': stabilization first, reforms later (Ginsborg 1989: 377). The Socialists consented to the postponement of reforms as the best guarantee to stay in power and to provide a counter-weight against reactionary forces. The latter had become urgent since the coalition and in fact Italian democracy were threatened by right wing attempts to prepare a 'colpo di stato' under the leadership of De Lorenzo, the head of the para-military Carabinieri.

Few reforms, then, were carried out and the ones that could pass the barrier of immobilism were formulated in such a way that their potential was mitigated. The overall achievements of the period of centre-Left coalitions is substandard. The nationalization of the electric-power industry had been carried out, but was accompanied by a compensation that allowed the former monopolies to maintain much of their immense financial power. The absence of necessary urban planning did not only lead to unconstrained and chaotic expansion of major cities, but was also largely responsible for the disastrous effects of the floods of Florence and Venice in 1966. Legislation in general had been contradictory and was usually delayed and finally rendered ineffective. The extension of compulsory primary education had indeed been an accomplishment, but secondary and higher education had been left untouched. A readjustment of the tax system had not even been attempted and the rationalization of the bureaucracy, although hotly debated, had not been able to claim a firm place on the political agenda. The transfer of power to the regions was blocked (see Ginsborg 1989: 380) and had to wait until the early 1970s before it could be effectuated. In terms of the struggle between the three currents of reformism, the 'minimalist' power-searching direction had therefore clearly won the battle.

According to Ginsborg (1989: 381) the isolation of the gradualist reformers within Christian Democracy and the Socialist movement, the refusal of the Communists to support gradual change, the transformation of Socialist power politics and the incorporation of the Socialists into the system of clientelist distribution of power, the incapacity of large industries to counter-balance 'Confindustria' and the financial power of the former monopolies, and the economic sabotage of small industry (capital flight,

investment strike) were the elements that explain this incapacity to perform a more effective social and political correction of capitalism in Italy.

Nevertheless, the fate of Christian Democracy as the hegemonic actor in Italian politics was linked with the success of the minimalist strategy. On the one hand minimalism in social policy inhibited the full development of social capitalism in Italy, but on the other hand did lead to a further institutionalization of Christian Democratic power. The semi-public sector (IRI) was made instrumental for power accumulation and faction politics. The consequence was that its initial efficiency was completely eroded by the appointment of politicians who were not necessarily selected on the basis of their managerial competence. Besides, "public management was explicitly chosen, and required by government, to pursue conflicting goals; political pressures determined career patterns and investment choices. This link with political power gave legitimacy to public firms to act primarily in the domestic economy, creating financial giants which had huge diversified national structures, but with poor international links" (Bianchi 1987: 279). The absence of bureaucratic reform led to a paralysis of public administration (Ginsborg 1989: 386).

Special attention should perhaps be paid to the systematic refinement -especially in the south- of the system of clientelism, which hopelessly perverted the actual attempts to develop the region. This renewed clientelism was particularly beneficial to a new generation of Christian Democratic leaders, who -affiliated with leaders of the older generation- in this way prepared their careers on the national level. Four resources were unscrupulously exploited for the accumulation of power: the construction boom, the southern development fund, the financial resources of the local 'enti' and those funds that derived immediately from the national government and national legislation. As already argued, pensions have been a major currency in clientelistic exchanges, as exemplified by their distorted distribution between the north and south in comparison with the number of inhabitants of the respective regions. In 1975 the region received approximately twice the amount of pensions that it should have received on the basis of its labour force (Ginsborg 1989: 392).

Concluding Remarks

Writing about the success and prosperity of Christian Democracy and social capitalism in Italy is delicate business. The ambivalence stems from the combination of unparalleled power mobilization at the level of the state apparatuses and the 'archipelago' of para-statal agencies, in combination with an almost paralyzing constellation of power at the governmental plane. The social capitalist ingredients of Italian welfare statism has been more an effect of an incapacity to act than the result of intentional sociopolitical intervention. The restoration of the traditional framework of social policy with its 'latent corporatism' as inherited form Fascism has to be interpreted against this background.

Christian Democracy's phenomenal integrative faculty, the resolute advocacy of the Church, and the permeating presence of the Roman Catholic infrastructural network cemented by anti-Communism largely account for the velocity of the early success of the DC. American insistence if not pressure, moreover, helped to bolster the peculiar conditions under which the elections of 1948 were won. The popular mandate facilitated the subsequent seclusion of the Left from legal political authority and secured Christian Democracy in the centre of power. Although parliamentary politics entered an era of unabridged immobilism, which was only partially interrupted by the first centre-Left government, Christian Democracy employed the continuous mandate to create and substantiate a power base of its own. The agrarian reform, social policy measures and the reconstruction of the fragmented, particularistic social security system have all tended to work in one direction: the cultivation of clientelism and the 'sottogoverno'. These, in turn, have greatly favoured the Christian Democratic electoral return, with which a vicious (in both meanings of the word) was set in motion. The dominance of the minimalist reformist strategy was mainly an attempt to secure Christian Democratic unity and hegemony under conditions of increasing competition from the Socialists and later (in the 1970s) the Communists.

It was eventually the extra-parliamentary pressure of societal revolt and the pressure from the organizations affiliated with the DC (ACLI, CISL) which temporary forced the Christian Democratic minimalists to take action in the field of social policy. It was only in 1969 that under pressure of the mass mobilization of the labour

movement that the pension system was altered and a 'social pension' was introduced for all Italian citizens older than 65, independent of prior contributions, although still means tested (Castellino 1976: 9). Other reforms in the 1970s comprised the transfer of authority to the regions (see Leonardi et al. 1987), the alteration of the divorce law, and the introduction of the referendum.

The outcome of the referendum on the divorce law, which meant a defeat for traditional Catholicism and for the DC, nor the bad results of the elections of 1975, where Christian Democracy dropped to 35.5 percent, have decisively afflicted the power of the DC. Unlike Christian Democracy in Germany, the DC is much less sensitive to electoral fluctuations, partly because the movement has managed to control electoral outcomes to some extent. In a recent, brilliant paper, Sidney Tarrow (1990) has posed the intriguing question why Christian Democracy in Italy managed to survive a series of crises that in other nations most likely would have decomposed a political movement completely. The clue for the tenacity of Christian Democratic power, for its immense capacity for survival even under conditions of serious challenges, lies in the fact that the movement is 'softly hegemonic'. It never dominated society completely and its power was based on a variety of resources, such as the Catholic subculture, cross-class support, political patronage, anti-communism, American support, and the establishment of independent power moments in the para-statal organizations. Soft hegemony has greatly enhanced the capacity to adapt. 'Hard' hegemony would have excluded what I have earlier defined as a flexible response to changing conditions. Christian Democracy's strength and survival has always depended on it being able to rely on a plurality of power resources in the course of continuous crises. I could therefore not agree more with Tarrow (1990: 328) when he concludes that "It is not enough to point to anticommunism, which lost its electoral appeal with the end of the cold war, or to the religious basis of the vote, which began to decline long before the DC vote did. It was soft hegemony - the DC's basic strategic decision to govern from the centre, to share power, and to balance support for business with service to its other constituency groups - that continued through all these changes and allowed the party to adapt to changes in society and in the political situation". In the present context one must add that the phenomenal success of Italian Christian Democracy has been matched by a distressing incapacity to produce tolerable outcomes in the realm of social policy.

CHAPTER 11

THE NETHERLANDS

This chapter on Christian Democracy and social capitalism in the Netherlands must start with the puzzling observation that until the second half of the 1970s there was no Christian Democracy in this nation, at least not in the sense of an equivalent to the Protestant-Catholic combination of Christian Democratic forces in Germany. Instead, there existed three major 'Confessional' or denominational political movements, which Irving (1979: 193) appropriately has depicted as "embryo Christian Democratic" parties.

Both the Dutch Catholic People's Party (Katholieke Volkspartij, KVP) and - although to a somewhat lesser extent- the Anti-Revolutionary Party (Anti-Revolutionaire Partij, ARP) have had considerable cross-class appeal. Nevertheless, where the Anti-Revolutionaries had their stronghold among the Protestant lower middle class of shopkeepers, self-employed, artisans, and the like, the Catholic party up to a point managed to secure a substantial working class backing, too. In the Netherlands it has been primarily the Catholic Party that has represented the tradition of social capitalism mainly through its labour wing, while the Protestant parties initially had no systematic view on social reforms whatsoever[1]. Moreover, it was the ARP that largely had been responsible for the detrimental crisis policy in the 1930s. The Anti-Revolutionary attempt to cope with the economic crisis was permeated by dogmatic Liberalism and "lacked the broader values of Christian neigbourly love and social justice that one would have expected from the Confessional parties" (Scholten et al. 1968: 59), while the post-war state intervention conflicted with the traditional anti-statism of the ARP. Finally, political Catholicism has been the prime motor behind the establishment of the cross-Confessional Christian Democracy (Christen Democratisch Appèl, CDA) in the Netherlands in the mid-seventies. It was not until the Catholic party started to lose its working class support (both electorally and organizationally

1) Woldring and Kuiper (1980: 40-51), in their study on the 'Reformed critique' of society, judge the contribution of the leader of the ARP, Abraham Kuyper (1837-1920), to the solution of the 'social question' "disappointing". Kuyper developed the concept of 'Sovereignty in one's own circle' as a means to secure the autonomy of lower societal organs from the state. All authority derived from God: "(...) the highest authority in any circle has nothing above itself but God, and the state cannot intervene and cannot command on the basis of its own power" (Kuyper, 1898: 79). It is not surprising, therefore, that Kuyper frequently voted against social legislation and as Prime-Minister failed to develop social policy (Van Putten 1985:175).

with the de-Confessionalization of the Catholic labour movement in the late 1960s[2]) that it took the initiative to establish a cross-class and cross-Confessional Christian Democratic movement[3]).

There are two main conditions that account for the 'absence' of Christian Democracy and the re-emergence of religiously-based but denominationally divided parties after World War II. The first factor pertains to the peculiarity of Dutch political history and the 'pillarization' of society, a process which for the moment could be roughly described as the evolution of highly organized, but separated religious and ideological subcultures with political representation of cooperating elites at the top of the pillars. The second element concerns the structural tenacity of 'pillarization', which -in combination with other rather more contingent catalysts- prevented the refurbishing of the political structure in the Netherlands after the Second World War. The persistence of 'pillarization' and its organizational pattern has probably encouraged the relatively underdeveloped anti-religious and anti-clerical disposition of Liberalism and Socialism in the Netherlands. The Dutch polity is entirely permeated by religion (Van Doorn 1989: 46), while "the critical spirit, the contradiction -the spirit of the Left if you like-, which in a free democratic society ought to represent not an opponent but a safeguard of societal order, has a religious, national and humanist tradition in the Netherlands" (Zahn 1989: 33). Moreover, the very term 'conservative' is conspicuously absent in Dutch political discourse (Von der Dunk 1982).

The Second World war has provided much less of a political rupture in the Netherlands than it did in Italy and Germany. It is partly the persistence of the unique conditions of Dutch politics that explain the particularity of religiously-based politics. As I will argue below, these conditions play an important role in the clarification of the manner in which social capitalism -as represented by Dutch Catholicism- was coupled to a moderate form of Social Democratic reformism. It is this combination of Social Democratic reformism and Catholic social capitalism which is the main cause of the idiosyncratic mixture of universalism, generosity and particularism that

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2) See for the history of the relationship between the Catholic labour movement and the eventual merger with the Social Democratic union federation, Roes 1985.

3) See on the theme of political change in the Netherlands Daalder and Irwin (1989).

characterizes the Dutch welfare state and which has given rise to Dutch 'exceptionalism' (Van Kersbergen and Becker 1988; Van Kersbergen 1990).

Pillarization and the Origins of the Political System

Although the Netherlands is often characterized as a thoroughly Calvinist nation, some of the main characteristics of the political system have to be accounted for by reference to the presence of a large Catholic minority, concentrated in the southern provinces[4]. Between 1815 and 1960 Catholics roughly comprised between 35 and 40 percent of the total population. Within the Protestant nation Catholics formed a discriminated minority. One interpretation of 'pillarization', therefore, stresses the role of Catholic emancipation and protection against subcultural threats as the root cause of 'pillarization'. A comparable thesis exists for the 'pillarization' of the orthodox-protestant part of the population, that sought to defend itself against "the humanist, anti-clerical doctrines of the French Revolution" (Irving 1979: 196). That is what the term anti-revolutionary means: "Anti-Revolutionary spokesmen sought to make a distinction between 'counterrevolutionaries' who would wish to reverse history and 'antirevolutionaries' who, while rejecting the entire spirit of 1789, would yet recognize change" (Daalder 1966: 199, fn 27). Marxist theory has rejected the thesis of emancipation, mainly arguing that Catholic and Protestant factions of the ruling class attempted to block the emancipation of workers (and women) by fragmentation through 'pillarization'. "Only the existence of pillars enabled the organization of more than half of the working class and the major part of the farmers and urban middle classes under the domination of factions of the ruling class. Pillarization was a specifically Dutch form of bourgeois hegemony" (Stuurman 1983: 60, my translation).

Another account, however, emphasizes strategies of social and political control, where the subcultural masses are willing instruments in the power accumulation of political elites or where political elites are argued to have recognized the danger of a divided nation and cooperated at the top to accommodate societal conflict. The seminal work of Lijphart (1975, originally 1968) is to be placed in this tradition and has

4) See for a study of Dutch Catholicism and political power Bakvis (1981).

strongly influenced the manner in which Dutch politics is interpreted along the lines of what Lijphart called a consociational democracy[5]. "Dutch politics is a politics of accommodation" (Lijphart 1975: 103), where four segments of society -Catholic, Protestant, Socialist and Liberal- compete *and* cooperate in what appears a paradoxical situation: extreme segmentation and stable democracy. The politics of accommodation is based on "a high degree of self-containment and mutual isolation of the four blocs with overarching contact among the blocs limited to the elite level. The success of this system depends to a large extent on the leaders' joint efforts at peace-keeping and peaceful change" (Lijphart 1975: 112). The political elites (unlike the mass) in the Netherlands obey an unwritten set of rules of the accommodation game[6] (Lijphart 1975: 122-138), which facilitate democratic stability and societal segmentation.

One of the main problems of Lijphart's account of Dutch politics is the lack of historical dynamics[7]. Another, more satisfactory, interpretation -brilliantly represented by the Dutch political scientist H. Daalder- is historically more sensitive and may be labelled the historical-pluralist view. This account underscores a) the long tradition of pluralism in the Dutch history of nation-building; b) the early appreciation of a plurality of religions, which implied that "once definitely discriminated minorities were increasingly free to organize openly" (Daalder 1990: 39); c) the development of parliamentarism before the modernization of society, which d) conditioned the formation of mass political movements, giving these a traditional leadership structure of accommodating elites and an internally division between radicalism and conservatism; e) 'pillarization' as a slow and piecemeal process, as a result of which traditional structures of decision-making were reproduced rather than destroyed in the course of modernization; f) the different pace at which the various religious subcultures

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5) See the collection of articles published in a special volume of the Dutch Political Science Journal edited by Van Schendelen (1984). This collection contains an overview and analysis of the debate on consociationalism and reveals both the weakness and the strength of Lijphart's analysis of Dutch politics.

6) These rule are: 1) politics as business; 2) an agreement to disagree; 3) summit diplomacy; 4) proportionality; 5) depoliticization; 6) secrecy; 7) the government's right to govern.

7) Lijphart's study is not a study in Dutch politics as such. Its main aim was to amend pluralist theory on the basis of a case that within this paradigm could theoretically not exist. The analysis of the problem of stability, however, is contradictory, because on the one hand the argument is that cleavages threaten stability, whereas as at the same time the Dutch population is said to be extraordinary passive and obedient.

entered the process of subcultural condensation, stressing that the Catholic 'pillarization' as emancipation was 'introvert', amassing force around the church rather than in organized political power; g) the 'pillar'-type of organization as a model which forced the Liberals and especially the Socialists to adopt it if they were to compete with the religious pillars at all.

'Pillarization' as "the division of society into several organizational complexes which are highly isolated from one another and based on religious or ideological grounds" (Van Kersbergen and Becker 1988: 480[8]), then, is interpreted as the manner in which "an older pluralist world developed in a more modern world of associational politics" (Daalder 1989: 15). 'Pillarization' as a dynamic organizational process refers to the "concurrence of a Catholic emancipation movement, a petty bourgeois (mainly Protestant) resistance against the early industrialization and of a general principally Christian protest against the 'spirit' of the revolutions of the late eighteenth and the nineteenth centuries" (Van Kersbergen and Becker 1988: 481).

The various social and political agents explicitly articulated in the beginning of the century around the issues of financial equalization of state and religious education, the extension of the franchise and the integration of the working class into the Dutch nation. These issues caused the politicization of religions in the Netherlands and determined the political salience of denominational organizations in the period between 1880 and 1917.

The question of the state financing of religious education produced a religious-non-religious cleavage in Dutch politics. The Anti-Revolutionary leader A. Kuyper developed his 'anti-thesis', asserting the central line of division as one between belief and unbelief rather than between creeds. This coincided with the growing Catholic distrust of Liberalism[9]. As a result, Protestants and Catholics entered a coalition,

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8) There are many rival definitions of 'pillarization', mainly depending on which interpretation it is to serve. Pennings (1991: 21) offers a good descriptive definition of 'pillarization' as a process whereby "Catholics, Orthodox-Protestants, and Social Democrats since 1880 increasingly came to institutionalize their mutual differences". 'Pillarization' as a societal structure, then, refers to the mutual acknowledgment of the right to exist and the presence of consultation between the political elites of the 'pillars'.

9) The anti-liberal encyclical letter of Pope Pius IX 'Quanta Cura' dates from 1864 and was accompanied with the 'Syllabus Errorum', which contained an overview of liberal errors.

culminating in the 'Pacification' of 1917: the financial equalization of state and religious education and the extension of the franchise. The solution to the question of financing education provided the financial and organizational paragon for the 'pillarization' of virtually every other social sector: unions, the organizations of employers, political parties, occupational associations, the media, socio-cultural organizations, as well hospitals and social welfare institutions. If one takes the concept literally, then the conclusion must be that only the Confessional movements in the Netherlands can be properly called 'pillars', for the Social Democrats typically lacked the density of institutions of the religious organizational network. In particular, they never managed to gain the same impact on education, and -most importantly- they had of course no equivalent to the Protestant and Catholic churches[10].

Rather than going deeper into the debate on the origins of 'pillarization'[11], it is sufficient to keep in mind the organizational momentum of 'pillarization' and its political consequences. The political salience and the organizational importance of religious cleavages made a cross-Confessional political movement impossible. The presence of social and economic cleavages, on the other hand, urged the Confessional blocs to cooperate in their mutual aversion towards the non-religious blocs of Social Democracy and Liberalism. The Dutch political structure developed into a three-bloc system of co-existing minorities (Daalder 1989: 11), consisting of 1) a Protestant-Orthodox cluster, divided politically in the moderate Anti-Revolutionary and the conservative Christian Historian (Christelijk-Historische Unie, CHU) wing; 2) a highly integrated Catholic bloc, headed by a united political party; and 3) a rest category of secular segments, divided along class rather than any other cleavage, of which only the Socialists -as opposed to the Liberals- showed signs of 'pillarization'. The conclusion is that Dutch politics was characterized by the dominance of religion in the absence of a dominant religious political movement.

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10) Pennings' recent study, however, shows that even the supposed all-embracing and monolithic nature of 'pillarization' of the religious blocs is an exaggeration. There has been considerable variation at the local level. The Social Democratic 'pillar', moreover, was rather a pillarizing movement than a pillar (Pennings 1991).

11) See for a moderation of the thesis of 'pillarization' as a uniquely Dutch phenomenon the work of the Dutch historian H. Righart (1986). He studies comparable processes in Austria, Switzerland and Belgium and interprets 'pillarization' mainly as a Catholic strategy against secularization.

The Failed Attempt of Political Innovation and the Re-establishment of Confessional Dominance after World War II

As mentioned, the experience of the second World War and the Nazi-occupation did not bring the political reformation that other nations, notably Germany and Italy, witnessed. Yet, in the Netherlands, too, there was an attempt of innovation in order to block the restoration of pre-war pillar dominated elite politics. Surely, politics in the Netherlands had not been severely contaminated by Fascism; the Dutch Fascist party (Nationaal-Socialistische Beweging, NSB), in spite of its success in the early years of the economic crisis of the 1930s, for instance, had attracted not more than 3 percent of the vote at the time the German armies invaded the Netherlands in May 1940. In addition, part of the traditional political system (the government as well as the Queen) had escaped the country and was in a sense transferred to London, where it continued to represent legal political authority. It was preparing its return and from this side hardly any innovative aspirations could have been expected.

The forces opting for political reform were to be found in the Netherlands where they organized during the German occupation. One line starts from the Dutch Union (Nederlandse Unie), a movement which attempted to institutionalize the adaptation of the Dutch population to the 'new European order' of Fascism[12]. This line partly represented an autocratic critique on the malfunctioning of the pre-war democracy (i.e. the 'pillarization'-nature of consociationalism), partly provided an alternative for the Dutch treacherous Fascists, partly was pro-German, but mainly was a mix of safe protest and 'harmless' collaboration[13].

The more promising line -not discredited by the shadow of collaboration- was found among the former leaders of political and social organizations, who were held

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12) The historian J. C. H. Blom (1982: 67) has called this type of 'adaptation' "aggressive accommodation", in contrast to the "passive accommodation" of the majority of the Dutch population during the five years of foreign rule.

13) The Dutch Union (founded in july 1940, i.e. two months after the invasion) was extremely successful; within a month it reached a membership of 400.000, gradually increasing it to about a million until the movement was prohibited in december 1941. An interesting detail and illustration of unparalleled 'accommodation' concerns the fact that one of the leaders of the Dutch Union, J. de Quay, member of the Catholic People's Party, became Prime Minister of the Netherlands in 1959 (see for a furious, uncompromising, but fascinating account of how this was possible Rogier 1980)

hostage in a prison camp in Sint Michielsgestel. To a large extent, the progressive movement originated as an affair of intellectuals without a solid mass base. What contributed to the willingness among the imprisoned intellectuals to discuss political reform was the common enemy and the recognition of the marginality of many of the differences that had separated them in the pre-war period.

Immediately after the liberation a new political movement was launched, which had as its main objective the 'breakthrough' (doorbraak) of the old 'pillarized' political system. The main driving force behind the new Dutch People's Movement (Nederlandse Volksbeweging, NVB[14]) consisted of the elite of the Social Democratic Workers Party (Social Democratische Arbeiderspartij, SDAP) that wished to get rid off its Marxist heritage and sought to transform itself through the NVB into a broader people's party. In addition, the strive for renewal was backed by left wing liberals and Catholic groups united around an equivocal longing for unity of the Dutch people. The cement of this blend of miscellaneous political currents was found in a set of ideological concepts, labelled 'Personalistic Socialism', which was an odd mixture of Social Democratic, Liberal, and Catholic-corporatist conceptions, inspired by general doctrines of Socialism, Humanism and Christianity[15]. The shared conservative element consisted of "(...) a return to Christian norms, emphasis on the family as the natural basis of society, the idea of community instead of pluralism" (Von der Dunk 1982: 197), while the progressive legacy was embodied in an ideal of a classless society and the nationalization of crucial means of production. The Personalist element can be seen as "a Christian-Social variant of the old Liberal individualism, in which human dignity occupied a central place" (Von der Dunk 1982: 197).

Interpreted within the current framework, 'Personalistic Socialism' shares quite a number of characteristics with social capitalism, albeit that the Socialist element was much stronger present. Personalism was interpreted as "the unfolding of the human personality at the service of (...) a solid and just and inspired community. The concept implied a critique of the 'collectivistic ideologies' of National Socialism as well as of

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14) See for a complete historical account of this movement Bank (1978), De Keizer (1979), and -on the origins of the PvdA- Ruitenbeek (1955).

15) The ideological roots of this personalism are to be found in the communitarian Socialism of French Catholics, mainly organized around the journals 'Esprit' and 'l'Ordre Noveau' (see Rauch 1972).

Marxist-Leninism. It could be a formula to denounce class attachment and class struggle. In connection with the notion of 'Socialism' it was understood as the quest for a just society, for a 'radical social policy on the basis of communitarianism' (...); no class struggle and no classless society either, but regulation of the capitalist market economy and the foundation of labour relations in the legal order" (Bank 1978: 20, my translation).

The formulation of this ideology was mainly furnished by Social Democratic reformism and Catholic social capitalist notions. Among the reform-minded political groups there was broad agreement on an ethical principle concerning the need for a change in popular mentality in Christian-humanist direction and on the demolition of the old political system. Disagreement existed as to the role of the state and the institutionalization of social and economic relations (Böhl 1981: 36), the latter being the main conflict between Socialist collectivism and Catholic corporatism.

The 'breakthrough'-movement was only a partial success. It was a failure in the sense, that -on three major exceptions- the pre-war political and social system of 'pillarization' was restored in very much its traditional outlook. The failure of the 'breakthrough'[16] must first of all be sought in the tenacity of the system of 'pillarization'. Apparently, historically deep-rooted subcultural differences and their structural condensation are not that easily vanquished, not even by war and foreign rule. In addition, the course of the war was such that the southern, predominantly Catholic part of the Netherlands was liberated in the autumn of 1944, half a year before the rest of the country. This led the Catholic conservatives ample room for the restoration of their traditional networks. In addition, the Social Democratic reformists feared that political renewal in the south would almost certainly be dominated by Catholics. They decided to postpone the foundation of the NVB and subsequently reintroduced their pre-war party. The implication of it was that at the time of the establishment of the NVB, the Catholics were already safe within their own 'pillar',

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16) This is mainly the view of the 'official' historiography of the Netherlands as represented by Blom (1977; 1982) and Bosmans (1982). This view is criticized for its stress on continuity, which appears to underestimate political and social conflict around the 'breakthrough'. An alternative view is provided by Böhl (1981) and Böhl and Van Meershoek (1989) in their local study of Amsterdam in the first tempestuous period after the liberation. The study is tellingly subtitled 'A struggle of power and morality'.

(Bosmans 1982: 272) and the 'breakthrough'-movement, still possessing the Christian-Humanist ideology of Personalist-Socialism, became an almost exclusively Social Democratic affair.

The three main achievements of the 'breakthrough', then, involved the foundation of a modern Social Democratic party (Partij van de Arbeid, PvdA) with a Personalist-Socialist and social-Christian character[17], the modernization of the Catholic party, according it a reformist disposition, and the construction of a government coalition between the two which established a more open-minded and effective variant of social capitalism in the Netherlands. This systematized the basis on which a passive social democratic welfare state was erected and which lies at the heart of the Dutch enigma. The course events took, moreover, shows that Dutch Social Democracy has been thoroughly influenced by religion, too, adding to the already considerable zealous religious nature of Dutch politics. The main ideologue of the PvdA and of Personalist Socialism, for instance, was the latitudinarian Protestant, W. Banning, who "transformed the Socialist movement into an ethic-religious elite community, characterized by elements of moral re-armament" (Rogier 1980: 103, my translation).

The partial restoration of the Dutch political system came clearly to the fore in the first elections in 1946. The main pre-war parties returned to the stage at more or less the same strength as before the war. The Catholic People's Party gained 30.8 percent, The Anti-Revolutionary Party 12.9 percent, the Christian-Historical Union 7.8 percent, whereas the 'breakthrough' torchbearer PvdA only managed to attract a disappointing 28.3 percent of the vote. The renewal of the Dutch system appeared to be slimmed down to an ideological innovation of Social Democracy, without having it hardly any effect on electoral behaviour. In fact, the PvdA came out of the first elections a little weaker than its pre-war Socialist ancestor. This was probably also due to the prestige that the Communists had attained in the resistance movement, who won a one-time 10.6 percent of the vote in 1946. The elections between 1946 and 1963 time and again revealed the dominance of Confessionalism in Dutch politics. The three major

17) Within the PvdA 'Catholic workshops' were founded by Catholics still faithful to the 'breakthrough'-ideal.

Confessional parties managed to attract roughly 49-53 percent of the total vote in this period[18].

Until the mid-sixties voting behaviour in the Netherlands was strikingly stable. Party-choice depended on religion or -if not religious- on class (Table 1).

Table 1. Voting, Religion, Social Class, 1956

	Christian Democracy	Social Democracy	Liberals	Other
Roman Catholics	95	2	0	3
Reformed (Hervormd)	63	23	5	9
Reformed II (Gereformeerd)	93	1	0	5
Secular Working Class	17	68	5	10
Secular Middle Class	19	44	32	6

a) = KVP+ARP+CHU

(Source: Andeweg 1989: 86)

Voting behaviour was therefore utterly predictable. It was "an almost faultless product of the matrix of pillarization" (Andeweg 1989: 84) and in 1956 one could account for 72 percent of the party preference of voters by applying this 'matrix'.

Until the late 1960s the most important determinants of voting behaviour were church affiliation, church attendance, and social class, whereas -at least for 1956- education, geographical variables, age and sex, were unimportant, that is when the central variables were controlled for (Lijphart 1974: 257). The determinants of voting in the Netherlands in the 1950s could be summarized as in figure 1.

18) See Daalder and Irwin 1989: 159; for a short description of the parties in post-war elections, see Irwin 1989: 154-158.

Figure 1.

Religious Practice	Religion	Party Preference
Practicing	Roman Catholic	KVP
	Dutch Reformed	CHU
	Orthodox Reformed	ARP
Nonpracticing	Secular Lower Class	PvdA
	Secular Middle Class	VVD

Source: Lijphart 1974: 257

In terms of class the three major Christian parties were the least distinctive in 1956 (see Table 2). Unfortunately, the definition of 'class' used in the 1956 survey was not particularly precise and simply scaled from highest (A) to lowest (B) socioeconomic status as assessed by the interviewer. Still, it is safe to conclude that the secular parties were class-distinct parties whereas the Confessional parties were not.

Table 2. Class and Party Preference, 1956 (%)

	KVP	ARP	CHU	PVDA	VVD	OTHER
A	39	7	6	24	18	6
B	30	14	15	22	15	4
C	31	13	10	35	4	6
D	27	14	6	41	1	10
Total	30	14	10	32	7	7

(Source: Lijphart 1974: 243)

Data on working class vote in 1972 and 1977 (Table 3) clearly suggest that the Social Democrats are dispoportionally supported by the working class, the Liberals lack substantial support of this class, and the Christian Democrats are the least distinct in this sense.

Table 3. Working Class Support for Parties, 1971 and 1977
(Percentage Point Difference between Party Support and Entire Electorate)

	1971	1977
Social Democracy	+22	+17
Christian Democracy	-3	-2
Liberals	-34	-32

(Source: Van der Eijk and Van Praag 1990: 161)

Given these data on class and class-distinctiveness one might easily agree with Lijphart (1974: 263), that while the existence of two major Protestant parties in the Netherlands is a truly exceptional phenomenon, "the two Dutch Protestant parties may be considered to form a kind of Christian Democratic grouping of parties together with the KVP". However, in the first decade after the Second World War there existed considerable disagreement between the Protestant parties on the one hand and the Catholic party on the other concerning the relationship between state, market and family. It was the ARP that refused to accept increasing state intervention. In fact, 1948 electoral pamphlets of the ARP rejected both the 'state-Socialism' of the Socialists and the idea of subsidiarity of Catholicism and opted for something very near the neo-Liberalism of the German CDU in economic policy. The central ideological concept of the 'sovereignty in one's own circle', that is the 'freedom and autonomy of communities' contained a much more restricted view than the Catholic theory of subsidiarity. Whereas Catholics could formulate intervention in a positive sense as the duty of the state to assist lower societal organs to assist themselves, the Orthodox-Protestants could only do so (from the state's point of view) negatively as the state's duty of non-interference with the 'life circles'[19].

19) See extensively on the Christian Democratic view on the role of state intervention in the Netherlands: Van Wissen (1982); on the 'Reformed' critique of society: Woldring and Kuiper (1980).

The precondition for the establishment of the progressive variant of social capitalism consisted of a coalition between Catholic and Social Democratic reformist forces and the exclusion of anti-interventionist orthodox Protestantism and free market Liberalism. On my interpretation it was the fundamental agreement between political Catholicism and Social Democracy over the need for social policy as a means to 'ease' the pain of reconstruction, which functioned as the cement of the 'Roman-Red' coalitions in the first decade after the war.

The likelihood of such a construction was greatly increased by a number of historical events and intra-political developments. First of all, the resistance of the Catholic hierarchy against Catholic-Socialist cooperation, dating from the early 1920s, was tempered as a result of the evolution of Dutch Socialism into a Christian-Humanist version of Personalist Social Democracy. Until 1939, when Socialists were admitted to an emergency Cabinet[20], Catholic politics was characterized by the doctrine of 'utter necessity'. Collaboration with Socialists was excluded except in the case of 'utter necessity'[21]. This necessity had presented itself with the experience of Fascism and war and was again present as a result of the disruption of the war and occupation. Secondly, during the economic crisis in the 1930s Catholic and Socialist socio-economic policy-proposals rapidly converged. The cataclysmic laissez faire policy under the ruling Anti-Revolutionary prime-minister Colijn had met increasing resistance from its partner in government, the Catholic party[22]. One of the main conflicts over social and economic period in this period concerned the Catholic demand to expand the

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20) Socialists had already participated in local administration.

21) Daudt (1980) argues that Catholics in fact never gave up this theory of 'utter necessity' and were ready to smash the coalition with the PvdA when a 'normal' period arrived in the end of the 1950s. Visser's (1986) study contests this view.

22) The economic historian Klein (1980: 5) remarks: "The very poor performance of the Dutch economy during the thirties was partly the result of wrong economic policy. The monetary policy especially was at fault, as the government stubbornly refused to abandon the gold standard. It did so against all economic reason and just for the sake of prestige (...). The government (...) just insisted on economizing in the confident belief that a further adaptation and adjustment to the severity of times was the best way out. Some day better times would arrive. It was a passive and uninspiring course to take. Its traumatic experience left a deep and lasting impression, that to a large extent conditioned the firm determination after the war to tackle things differently".

budget for employment policy. While the Catholic party tended to embrace pseudo-Keynesian ideas on demand management as unemployment policy[23], its 'natural' coalition partner refused to consider any augmentation of state intervention. Finally, by the late 1940s the political projects of Catholicism and Social Democracy had considerably converged on two major areas: global Keynesian demand management and family policy, sealed by a broadly shared anti-communism. Both the KVP and the PvdA, moreover, saw the family as the 'cornerstone' of society and attempted to shape the whole complex of incomes policies (taxation, social security, wages, prices) as far as possible according to this notion (Ter Heide 1986).

An Explanation of the Enigmatic Dutch Welfare State[24]

As mentioned in the preceding chapters and illustrated in chapter 7, the Dutch welfare state has posed a puzzle for comparative political sociology, the main mystery pertaining to the simultaneity of the dominance of Confessional politics and generous social policy. As may be clear, my main argument for the solution of this enigma consists of the appreciation that 1) social capitalism does not *a priori* exclude extensive social policy (a general argument in favour of the thesis on the 'Christian democratization' of capitalism); 2) the unique circumstance of a coalition between an almost religiously inclined reformist Social Democracy[25] and a Catholic social and political movement unconstrained by Protestant anti-interventionism and -in principle- no less reformist. This concurrence of factors is largely responsible for an unparalleled consensus on social policy that emerged after the second World War except on one crucial point.

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23) However, in a typical manner these policies were passive rather than active and comprised such measures as shorter work time, preventing women to enter the labour market, forcing married women (Blok 1978) to 'retire' and constraints on labour saving techniques (De Rooy 1979).

24) This section partly draws on earlier work done in collaboration with Uwe Becker (Becker and Van Kersbergen 1986; Van Kersbergen and Becker 1988; Van Kersbergen 1990).

25) The German observer of Dutch society and politics, Ernst Zahn (1989), meaningly heads his chapters on Socialism and Social Democracy with titles like "Socialism as the Gospel and the party as church" (154), "The reformed legacy in Dutch Socialism; 'Calvinism without a God'" (160), "The Red Clergymen" and "The Theologians in welfare" (166)

1. Initial Conflicts

Serious conflicts between Social Democracy and political Catholicism in the Netherlands, however, did arise over the issue of the forms of organization of social policy (Janssen and Berben 1982; Roebroek et al. 1986). Subsidiarity and the remnants of corporatist notions on the Catholic side generated what Roebroek et al. (1986) properly have analyzed as the opposite of Bismarckian social policy, namely the attempt to obstruct the attachment of workers to the state. The goal of social policy was to secure the existence of the subculture, not its transformation. It makes sense, therefore, to shortly analyze the conditions under which this issue was eventually settled.

The Dutch government-in-exile in London had followed the example of Beveridge and had appointed a committee for the preparation of a renovation of social policy. The Dutch version of the Beveridge-report opted for a universal system of social security, largely administered by the state, that would not be confined to wage-earners. The legal ground for this novelty was drafted in the following formula: "The community, organized in the state, is responsible for the social security and freedom from want of all its residents, on the conditions that the residents will do everything within their reach to provide themselves with social security and freedom form want" (Commissie-Van Rhijn 1945-46: 10, my translation).

The future social security system was to be a mixture of insurance-based legislation and direct state participation. A complete flat-rate benefit system, however, was rejected on the grounds that such a system completely denies existing income differentials. Benefits were confined by a maximum. In addition, the lowest benefits were to be linked to a minimum wage. The reforms as proposed by the Van Rhijn-committee, therefore, represented an attempt to preserve the earnings-related benefits and to introduce universalism in the sense of an extension of coverage and risks.

Employers' organizations as well as the unions -represented in the 'Foundation of Labour' (Stichting van de Arbeid, StvdA)- contested the proposed increasing control of the state over social security. The Catholic and Christian unions demanded a far-reaching decentralization of administration in line with the leading theories of subsidiarity and sovereignty. The employers' organizations feared the projected state

intervention for obvious reasons (see Hulsman 1981; Janssen and Berben 1982). The question was eventually settled in 1952 through a compromise that consisted of 1) the administration of the major insurance schemes by industrial associations ('bedrijfsverenigingen'); 2) the control of the universal 'people's insurance schemes' by public institutions and private funds; and 3) the execution of social assistance by local government[26].

Meanwhile, several other plans competed for a top place on the political agenda in the immediate postwar period and some revisions of the social system had already taken place during the period of occupation. First of all, the Nazi's had initiated -partly for reasons of propaganda and partly to synchronize social policy between occupied territory and Germany- several measures that were improvements compared with the existing Dutch situation (Asselberghs 1982, Mannoury and Asscher-Vonk 1987; Veldkamp 1978). Some of the changes were accepted in the postwar legislation, as for example the sickness insurance and modifications of the accident insurance (Mannoury and Asscher-Vonk 1987: 58). As a reaction to these activities of the Nazi's the Dutch government in exile had already started to broadcast its promises for social policy after liberation in what might be called an ideological warfare (Mannoury 1985; Mannourry and Asscher-Vonk 1987; Van den Tempel 1946).

Civil servants, moreover, had kept the state bureaucracy running during the war and some of them cooperated willingly with the Nazis, particularly with regard to social policy. There was considerable resentment among the civil servants as to the policies pursued during the crisis of the 1930s, a resentment that contributed to autocratic views on the role of politics in social policy. The German proposals, therefore, hardly met opposition. The resistance movement, on the other hand, had already initiated negotiations over the postwar structure of labour relations in the Netherlands. Unions and Employers' organizations agreed to opt for a bipartite institution (the Foundation of Labour) that was to play an important role in the formulation and effectuation of socioeconomic policy (see Windmuller 1969). Conflicts between Social Democratic central planning conceptions and Catholic corporatist proposals after the war culminated in the foundation of the Social Economic Council

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26) See for description of the Dutch social system: Braakman et al. 1984; Mannoury and Asscher-Vonk 1987; Veldkamp 1978.

(Sociaal-Economische Raad, SER), which is both a tripartite bargaining institution and a advisory body of the government on socioeconomic policies. Remaining hopes of Socialist planning in the form of the Central Planning Bureau (Centraal Planbureau, CPB) were thwarted when Catholics got hold of the Ministry of Economic Affairs (Wolinetz 1989: 82) as a result of which the planning agency was to be "'exclusively a technical aid' for government policy and business life", while "great efforts were made to neutralize and depoliticize planning as a concept" (Griffiths 1980: 137). The eventual bargain between labour and capital and between Social Democracy and the Catholic movement consisted of full employment and the expansion of social policy in exchange for labour quiescence and wage restraint.

3. The Conditions of Consensus

Two main social policy innovations characterize the first period after the war. The first is the introduction of the Unemployment Act of 1949 and the second the introduction of the first so-called 'people's insurance' for Old Age in 1957, which was preceded by an emergency act in 1947. Both, in a sense, illustrate the peculiar mixture of social capitalist and Social Democratic reformism. The Unemployment Act for all wage-earners combined a relatively generous replacement rate of 80 percent with a typical element of differentiation. The 80 percent replacement rate holds exclusively for what in Dutch sociopolitical parlance is called the 'breadwinner' (kostwinner), that is a dependent worker earning a family wage. Other categories were entitled to 70 percent (other persons older than 18 year who were not the 'breadwinner') or 60 percent (others). Social Democrats opposed this differentiation, apparently not because it would disproportionally disadvantage women, but because it was not in concordance with the idea of an insurance. The government argued that cancelling the distinction between replacement rates would necessitate the general curtailment of generosity. This met the resistance of the Catholic party, because 80 percent was considered an indispensable rate for replacing a family wage[27]. The KVP, therefore, supported the plans for differentiation as a means to secure family income.

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27) In 1964 the differentiation was removed from the Unemployment Act.

The General Old Age Act (Algemene Ouderdomswet, AOW) was the first law that transcended the idea of social insurance for wage-earners. This universal 'people's insurance' of 1957 came very close to the original proposals of the Van Rhijn-committee. It introduced a flat-rate minimum pension for all residents. The scheme, however, is not funded via taxation, but financed by all residents between 15 and 65 who contribute a certain percentage of their income up to a maximum. The benefits were linked to the general wage-index. The most intriguing aspect of the AOW concerns the fact that married women had no independent right to a benefit at the age of 65. Their entitlement was made contingent upon the retirement of their husband, to which it was actually paid, thus clearly reflecting the traditional family conceptions of both the Catholic and the Social Democratic policy-makers. This explains the following severe judgement of the politics of the Dutch welfare state by Therborn (1989: 216): "Dutch Confessionalism has always been patriarchically sexist, a legacy which has spread to Dutch Social Democracy as well. The compromise on old age pensions had a remarkable sexist slant to it. All old persons got a right to a pension, except married women. Married couples did get more than singles, but this all went to the husband, in contrast to Sweden where it was always self-evident that half of the pension of a married couple should be paid to the wife. The Dutch bill was actually written and presented by a Labour party Social Minister. Only in 1985, under intense European Community pressure, was the sexist pension clause done away with"[28].

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28) The counter argument against the influence of Confessionalism in the Netherlands, once made to me during a seminar presentation, that Social Democracy was the real motor behind social legislation in the Netherlands, cannot convince. Although the Ministry of Social Affairs was headed by a Social Democrat, no social policy legislation would have been possible without support of at least the Catholic movement. Arguing, furthermore, that Dutch Ministries are relatively autonomous and policies therefore can be formulated without the consent of other members of the Cabinet is absurd. Such an account would have great difficulties in explaining why Dutch government coalitions take so long to be formed, why so much time is spent on the formulation of a coalition contract (which is binding for the Ministers) and how government crises would be possible at all. Until 1971, the average duration of Cabinet formation was 63 days. The formation of the coalition between Confessional forces and Social Democracy in 1972/73 (with its self-proclaimed aim of structural reform and redistribution objectives) not only took five and a half months, but was eventually broken by the withdrawal of Confessional support. The (failed) attempt to construe a renewed Christian Democratic-Social Democratic coalition and the resulting coalition between the Liberal party and Christian Democracy in 1977 even took an unprecedented seven months (Van den Berg 1989: 220).

Although there existed some political conflicts over precise formulations of social legislation and around the issues of the organizational forms of social policy, fundamental commitment to welfare statism did not generate insurmountable political controversy between the dominant forces of Catholicism and Social Democracy. The relative consensus over the need of increasing social welfare effort in the first decade or so after the war is remarkable. What conditions were conducive in this process of sociopolitical consensus-building?

First of all, the experience of crisis, war and Fascist oppression contributed to a -perhaps temporary- radicalization of societal forces, which, in turn, facilitated reforms. However, this radicalization -illustrated by the initial success of the Communist movement that had gained considerable prestige as a resistance movement during the war- must not be exaggerated. As argued above, the renewal of Dutch politics was only a partial success. If radicalization did not have an immediate effect on the reformist inclination, it fueled at least anti-Communism in the Dutch context, particularly of the Catholic labour movement, consequently consolidating the construction of a 'Roman-Red' coalition[29].

Anti-Communism, strongly present within the Social Democratic movement as well, probably accelerated social policy as a means to cut the grass from under the feet of societal discontent fostered by the Communist labour movement and party. It is difficult to assess the effect of anti-Communism on social policy, but is was not uncommon that demands for social policy reforms were accompanied by anti-Communist 'instruction'. An example is the polemical pamphlet that was distributed in 1948 at the entrance of Catholic churches by activists of the Catholic labour movement: "Communism in our nations does not stand any chance (...), that is when the necessary moral, economic and social conditions are established (...). The Communist support is partly an effect of the inexcusable social and economic evils of the past. To help confront these evils by a conscious, radical, progressive reform policy founded on the great encyclical letters of the Popes is the task of every Catholic

29) The historian Righart (1985: 89-90) has shown that the Catholic labour movement had even developed a secret plan to combat Communism, the idea being that "every Communist strike has to be broken at all costs" (as cited in Righart 1985: 89). In fact, the Catholic Labour Movement (Katholieke Arbeidersbeweging, KAB) demanded that Communism be prohibited.

worker, of which one can only acquit oneself within the Catholic Labour Movement" (De Volkskrant[30], March 3, 1948).

Anti-Communism functioned as a convenient catalyst in the reconstruction of Catholic unity and the solidity of the Catholic cross-class pillar. In itself, ideological warfare at the level of mass politics has been an important element of the politics of 'pillarization', where the reinforcement of ideological difference of the 'pillars' corresponded to an accommodation at the top. This phenomenon has been analyzed in terms of deference and accommodation (Lijphart 1975) or deference and indifference (Daalder 1966). What is crucial is oligarchical control in combination with mass obedience. The churches have been an active force in this process. The hierarchical structure of the Catholic church assured the spread of the organical social doctrine throughout the Catholic segment of society. The clerical leadership frequently published pastoral letters, explaining the rights and duties of labour and capital and the need of organization within the Catholic subculture. Such an ideological offensive did not only concern the Catholic workers but -and Dutch Catholicism did not deviate much from official Vatican teaching here- equally addressed the Catholic petty bourgeoisie and the employers. The demand upon the latter, for instance, concerned the *duty* of social justice and Christian solidarity. Thus, the bishop of Haarlem, addressing a meeting of Catholic employers in 1948, argued: "Contemporary politics is determined by a desire for justice and the effort cannot cease before this is accomplished, either violently or peacefully. If it happens peacefully, then everything can be resolved in a good and fortunate manner. To this end the employers have to cooperate. It is their duty to give, to abstain. This is indispensable, just and it must be done. Without it society will not settle down (..). If one analyzes how in the past century the relationship between capital and labour has evolved, then it is unmistakable that much has changed. It is fortunate that some men already have introduced considerable reforms in their own firms, which would have been inconceivable some fourty years ago. The Christian principles are very much alive and stimulate a vitality which nowhere else can be found (...). The time has come to take action and the employers are aware of it. Actions speak louder than words; other social strata are looking forward to what the employers

30) 'De Volkskrant' was the daily newspaper of the Catholic pillar.

will assume. The example of the employers will result in the strongest Catholic action that one can imagine. If you, like Christ, will make a sacrifice, the results cannot be but magnificent (...). I hope that the Catholic employers will be faithful to the Catholic morality" (De Volkskrant 3 february, 1948).

The Catholic People's Party employed social capitalist conceptions, emphasizing the emancipation of Catholic workers in particular. The reformist zeal of Catholic politics in the early period after the war was such, that the Catholic right wing feared the evolution of the party and the movement into a quasi-Socialist crusade. Catholic leaders had to defend their conduct, arguing that "those who think that by now we have reached the limits of desired reforms (...) fail to recognize or fail to appreciate the ideal of a Christian society; the ideal of a socioeconomic *élan vital*, which is determined by ethical standards that derive from Natural Law and Natural Ethics (...). Social justice and social love demand the creation of a social and judicial order which will reshape the entire socioeconomic community. This compels us to apply quite different standards than merely the making of profit. One should not fumble at the seamy side of life, while a radical reform is called for" (Volkskrant 28 June, 1948). The influence of social capitalist conceptions was not merely confined to the Catholic 'pillar', but reached -for instance via the Catholic Workshops- to the Social Democratic party as well. I would argue that only against this background one can understand why in 1951 Social Democrats praised the encyclical letters 'Rerum Novarum' and 'Quadragesimo Anno' at a meeting organized by the Catholic Labour movement to commemorate these social documents of Roman Catholicism.

The Context of Industrialization

Social policy in the first decade after the war must be placed in the context of the comprehensive attempt to stimulate industrial development in a predominantly rural and trading society (Böhl 1981; Fortuyn 1980; 1983; Ter Heide 1986; Wolff and Driehuis 1980) and to reconstruct Dutch labour relation in democratic corporatist fashion (Windmuller 1969). The latter part, too, largely consisted of a Catholic-Social Democratic compromise of corporatist reorganization and the introduction of global planning. Socioeconomic policy of the 'Roman-Red' coalitions (until 1958) was

dominated by one predominant goal: export-led recovery (Wolff and Driehuis 1980: 37). The conditions for the export orientation of the Dutch economy were found in economic integration, tax relief for entrepreneurs, a restrictive wage policy, the improvement of the infrastructure and an extensive regulatory socioeconomic framework (Van Eijk 1980; Ter Heide 1986).

By 1950 the tripartite institution of the Social Economic Council (Sociaal-Economische Raad, SER) formulated the five goals of economic policy that were to guide state intervention until the mid-1960s: full employment, economic growth, a reasonable income distribution, an equilibrium on the balance of payments, and price stability. Between the Catholic and Social Democratic forces agreement was reached on global steering of the economy. Catholicism had moderated considerably its corporatist heritage and Social Democracy temperated its plan-socialism.

The export-oriented socioeconomic policy of industrialization originated in a "Dutch conception of underdevelopment" (Therborn 1989: 209) activated by the demographic pressure of a fast growing population and the international pressure to decolonize Holland's largest overseas colony, Indonesia. The (expected) economic loss of the Dutch Indies was feared to deprive Dutch capital of an important investment possibility. Released funds had to be reallocated and export-led industrialization would provide an outlet by the opening up of new markets. At the same time, labour quiescence and wage restraint were seen as preconditions for profitable investment and a successful industrialization strategy.

A tight income policy until the early 1960s kept wages low and improved the international competitiveness of the Dutch economy. Wage increases could only be justified by gains in productivity or by the need to adjust for unwanted differentials. Since labour was cheap employment increased steadily, particularly in the industrial and service sector. Both the Christian and the Socialist unions accepted the restriction on wage development, mainly because of its favourable effect on employment, but also in exchange for the extension of social security. Under these circumstances generous replacement rates could be demanded to be included into the social security legislation, since they were to replace quite moderate wages anyway. In addition, full employment kept the cost of social security low. Yet, given the generous structure of benefits, social spending would rise rapidly under less favourable conditions, a major

explanation for the high levels of spending the Dutch welfare state would reach in the late 1960s.

The goal of full employment can be properly defined as a secondary target, the theory being that an export-led growth founded on wage restriction in combination with global measures would automatically lead to an optimal allocation of labour power. There has been virtually no discussion on labour market policy and no instruments were developed in this direction. The effect was a policy-mix that can be properly identified as 'export-oriented Keynesianism' (Zimmerman 1984), where no unconditional commitment to full employment (Therborn 1986) existed at the political and institutional level. This, in turn, boosted social spending even more in the 1970s, when stagflation caused unemployment to rise to pre-war crisis levels. The absence of active labour market policies constrained the Dutch welfare state to respond with massive transfers and passive measures such as early retirement[31].

Does the predominance of 'export-oriented Keynesianism' also indicate a defeat of Social Democratic reformism in the Dutch context? This partly seems to be the case, since between 1945 and the early 1950s the Dutch Social Democrats had to alter their conception of active Keynesianism substantially under Confessional pressure. Within the constellation of forces too much emphasis on 'plan-Socialist' policies ran the risk of directly confronting the -perhaps still precarious- consensus between Social Democracy and Catholic politics. It has to be remembered that it was the first time in the Social Democratic history that the movement enjoyed real governmental power and that within the Dutch political system of co-existing minorities the Catholic party had always the opportunity to change coalition partners and shift the balance of power considerably to the right. Possibly this constraint on Social Democratic reformism has led to a more passive orientation on global demand management and social policy, also within the PvdA. On the other hand, unconstrained Social Democratic reformism in the Netherlands probably would never have fostered a Scandinavian version of welfare capitalism. The main reason for this was discussed above. The predominance of Personalist Socialism had converted the PvdA into a movement which was qualitatively

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31) See for an excellent account of the absence of political and institutional framework of labour market policy as the root cause of mass unemployment in the Netherlands in the 1970s and 1980s, Braun (1988).

very different from Swedish Social Democracy. As a result, the PvdA had little difficulty in consolidating its power in the field of incomes policy and social security. Moreover, the apparent achievements of global steering and incomes policy (full employment), and the achievements in social policy could be assumed as a Social Democratic success.

A clear defeat of Dutch Social Democracy and corresponding victory of social capitalism, however, concerned the methodical dismantling of the Ministry of Social Affairs, a department that was in the hands of the Social Democrats. As already noted the KVP and the PvdA fundamentally agreed on the institution of the family as the 'cornerstone' of society. Socioeconomic policy, and industrial policy in particular, corresponded to an attempt to prepare the population for industrial society without undermining the traditional family (see Böhl 1981: 239-273). The Catholics, however, were particularly active on issues concerning family policy. In the 'pillarized' organization of social work the Catholic organizations had been traditionally strong. The public intervention in this area, however, resorted under the Ministry of Social Affairs. The period between roughly 1946 and 1952 showed the successful attempt of Catholic politics to dissociate social work from this Ministry and to relocate it to a new department of social work in 1952. This department has become the embodiment of subsidiarity in the Netherlands in the sense that it decentralized as far as possible the execution of policy to religious institutions and the 'private initiative'[32]. The predominance of a traditional ideology on the role of the family as a fundamental constituent of society has -in combination with the already noted family-bias in social security measures (the principle of the 'breadwinner' and the refusal to grant married women individual pension rights)- has come to symbolize Dutch social capitalism. It has reinforced the existing traditional patriarchical structure of Dutch society as exemplified by the strikingly low participation of women on the labour market.

32) See on the concept of 'private initiative' Brenton (1982).

Some Considerations on the Conditions of Expansion

Under conditions of increasing pressure from economic Liberalism -both from the Liberal party and the right wing of the Confessional bloc- to withdraw from intervention in wage determination, social policy remained virtually the only theme of fundamental consensus between the Social Democrats and the Catholics (Van Lier 1981; Ter Heide 1986). Social policy had increasingly become an integral part of Keynesian demand management and had clearly proven its feasibility. The favourable economic conditions of the late 1950s and early 1960s and the near full employment, however, placed the strict wage policy of the 'Roman-Red' coalitions under pressure. Given the tight labour market, employers had already started to pay higher wages than were strictly permitted. One of the reasons for the fall of the historical coalition between Catholicism and Social Democracy was that the latter stubbornly refused to give up wage policy as the last bastion of interventionism, while the former had started giving in on the demands of the employers and their representatives within the party to ease the control. The system broke down in 1964, under one of the Confessional-Liberal coalitions that ruled the Netherlands from 1958-1972.

Intervention in the wage determination, however, had become routine, which explains why immediately after its termination -under political insistence of the Catholic Minister of Social Affairs, G. M. J. Veldkamp- a minimum wage was agreed upon by unions and employers. When in 1965 agreement could not be reached during the central wage bargaining, the Catholic Minister intervened and one-sidedly determined the level. This set the stage for the introduction of the statutory minimum wage by law in 1968.

The loosening of the wage restriction in the late 1950s and its eventual abolishment contributed to an economic boom in the 1960s which, in turn, resulted in a large scale reconstruction of the economy. Sudden, shock-wise wage increases caused a rationalization of the labour intensive industries. Employers started to invest in labour saving techniques and massive lay-offs followed. The generous accident insurance, introduced in 1966 as a hallmark of Catholic social policy, provided the employers with a convenient opportunity to ease the pain of rationalization for their workers. Rather than becoming unemployed, many older and less 'functional' workers would claim a

right to a disability benefit, which would secure them 80 percent of their earnings for a longer period than the unemployment scheme would. Releasing personnel via the disability scheme created a considerable pool of hidden unemployment which was accepted by workers and unions in exchange for the generosity of the scheme. This dramatically illustrates the passiveness of a transfer-oriented welfare system, which basically lacked any institutionalized setup of active labour market policy. Spending on disability benefits increased steadily from a mere 5.5 percent of total social security spending in 1960 to 15.5 percent in 1980. In the same period old age pension spending declined from 40.2 percent in 1960 to 31.0 percent in 1980, while unemployment benefits amounted to 6.6 percent in 1980 (Braakman et al 1984: 159).

The Netherlands could afford generosity to its workers partly as a result of favourable economic conditions, but also because the nation reached a semi-OPEC status in the 1960s as a result of the discovery and profitable exploitation of natural gas resources in the northern province of Groningen (Lubbers and Lemckert 1980).

The expansion of the welfare state mainly took place under Christian Democratic-Liberal hegemony in the 1960s, which makes the Dutch case perhaps even more enigmatic. The puzzle not only concerns the simultaneity of generous social spending and Confessional dominance, but above all the fact that expansion took place, while Social Democracy was in opposition. Major improvements concerned the substitution of the Poor Law of 1854 in 1964, additional schemes for unemployment (in 1964), and the introduction of the already mentioned accident insurance in 1966. The replacement of the archaic Poor Law, the General Assistance Act, (Algemene Bijstandswet, ABW) grew out to be the general safety-net for citizens who are not entitled (anymore) to any of the other social security provisions. In addition, a compulsory minimum wage was introduced in 1968, to which the lowest benefits (most importantly, the public pension) of all other schemes were linked. The minimum wage amounted to about 80 percent of the average wage. The net-net-linkage of benefits to the minimum wage guaranteed that no person would fall under the bottom of what was considered to be a socially acceptable minimum. Ultimately, it accorded to the Dutch welfare state its generous outfit at all levels.

Next to the factors already noted, two other conditions appear to have been critical for expansion, one of which is political and one economic, but in effect cannot be

viewed separately. These conditions concern the unparalleled economic growth and prosperity of the Dutch economy in the 1960s and the initially gradual, but in the end quite sudden structural changes of society in the form of 'de-pillarization', de-Confessionalization, eventually culminating in a progressive political and cultural 'conjuncture' (Braun/Van Kersbergen 1986). Confessional politics did not escape the effects of 'de-pillarization' and de-Confessionalization, mainly exemplified by the radicalization of Anti-Revolutionary politics and the gradual 'Social Democratization' of the Catholic labour movement. The Catholic party was forced to adopt more radical social policy demands in order not to loose its labour wing (or their votes) altogether, which in the early 1970s facilitated the return of Social Democratic and Catholic cooperation.

In 1973, a coalition between Social Democracy and Confessional forces was constructed, which had the parliamentary support of the PvdA and smaller radical parties, but which was merely tolerated by the KVP and the ARP. The CHU opposed the construction (Vis 1973). In spite of the fragile parliamentary base the government expanded the social system considerably. Main events were the increase in the level of the minimum wage (and therefore of the benefits linked to it), and the introduction of a statutory minimum wage for young people.

The question is whether this allows for the conclusion that Social Democracy had a lasting influence on the Dutch welfare state after all? I do not think so, for the logic of the parliamentary formation made social policy innovation contingent upon majorities that had to include (parts of) the Confessional bloc. Moreover, the Minister responsible for social policy was the Anti-Revolutionary, former Christian Union leader, Boersma. Major expansionary policies were already initiated during the period of Confessional-Liberal hegemony and Social Democracy simply followed the agenda set by the Confessionals. Finally, real radical changes proposed by the Cabinet dominated by Social Democracy (income redistribution, housing policy, profit sharing) time and again were blocked by Confessional-cum-Liberal voting alliances in the Parliament and finally sealed the downfall of the government in 1977.

The short period of renewed Confessional-Social Democratic cooperation was crucial for the construction of a cross-Confessional Christian Democracy and the mobilization of power for the movement. Both the Christian movements and the

Catholic movement showed increasing signs of decomposition as a result of the fragmentation of infrastructural power. Secularization and de-pillarization tended to work in one direction: the disintegration of the traditional structure of political power in the Netherlands. The Catholic search for a realliance of Christian forces was not only increased by the dwindling control over the organizations of (Catholic) workers and the waning capacity to attract voters, but also by the lesser need for 'emancipation' of the subculture and by the changes within Catholicism at large after the Second Vatican Council.

Growing tensions between the Catholic party and the Social Democratic party and successful experiments with cross-confessional cooperation at the local level (Kuiper 1988) prepared the way for the first joint electoral list in 1977. The Social Democrats won 10 seats in the parliament and the new Christian Democratic alliance managed to stabilize its electoral strength and gained even one seat. A combination of Social Democratic strategic errors and Christian Democratic power play led to an exclusion of the PvdA from the government. The Christian Democrats entered a coalition with the populist Liberals and used the period until the 1980s to consolidate the reformation of Christian inspired politics. These events reveal a considerable capacity to adapt on the side of the Catholic party in particular. However, the loss of the labour wing and the inclusion of Christian conservative forces has effected a Christian Democracy in the Netherlands that is more conservative than the Catholic movement in the 1950s and 1960s, especially with respect to social policy. The structuring of societal conflicts within the movement has become much more based on the demands of the new middle class and the employers than on the attempt to integrate workers. Crucial, however, was that a reorganization of Confessional politics at the governmental level not only strongly enhanced the competitive position of Christian Democracy *vis-à-vis* Social Democracy, but also resulted in a continued capacity to stay in power. The CDA has taken up the centre of the political system and -as long as a Social Democratic-Liberal coalition is excluded- the logic of parliamentary majorities determines further possibilities of Christian Democratic power mobilization.

Concluding Remarks

The main foundation for the idiosyncratic mixture of universalism, generosity and differentiation that characterizes the Dutch welfare state and which has given rise to Dutch 'exceptionalism' is found in the concurrence of Social Democratic reformism and Catholic social capitalism in the first decade after the Second World War. The construction was made viable through the barring of anti-interventionist orthodox Protestantism and free market Liberalism in the 'Roman-Red' coalitions that dominated Dutch politics until the late 1950s. The renewal of Dutch Social Democracy as one of the main achievements of the 'breakthrough'-movement and the presence of a religiously inclined 'Personalist'-Socialist doctrine facilitated a broadly shared pact on social policy.

The period of Liberal-Confessional dominance radically changed economic policy, but -under the leadership of Catholicism- not only kept the edifice of social policy in tact, but considerably expanded its scope and performance in the 1960s. Once in place, the system gained momentum and developed its own logic of expansion. In his convincing analysis of the Dutch welfare state in comparison with the Swedish experience, Therborn (1989) has argued that Confessionalism in social policy has an inherent expansionary potential under favourable conditions. Corporatism in combination with a pillarized structuring of labour relations expedited expansion in that it tended to generate a need for all organizations do develop their own designs for improvements. As argued above, the fundamental agreement over the family as the nucleus of social life necessitated the generosity in replacement rates of the income of a 'breadwinner'. The prevailing high benefits later -under conditions of individualization of society and the analogous decline of family ideology- became the norm when differentiation in the schemes was eliminated. Moreover, "the Liberal emphasis on economic incentives which, as far as social security is concerned, means disincentives to social generosity, is alien to Confessional social thought" (Therborn 1989: 212-13). The result was that the Catholic-Social Democratic majority effectively outweighed the resistance of Liberalism and Anti-Revolutionary autonomy claims. Finally, the stress on 'private initiative', self-government and subsidiarity not only opted for a fundamentally transfer character of state intervention, but was "financially

open-ended" (Therborn 1989: 213), so that "once the expansionary potential of Confessionalism had got started, it acquired a momentum which Confessional politics was singularly inept at reining in" (Therborn 1989: 215). The logic of expansion was given momentum because once established, relatively generous replacement rates of the major schemes were claimed as institutionalized social rights.

CHAPTER 12

CONCLUSION

If Christian Democracy can be argued to represent a middle way between capitalism and Socialism, between a blunt commitment to the market and a confident trust in the possibilities of politics, one must still acknowledge that such a stance is founded upon a set of foundational concepts and on a specific sociopolitical practice and performance. Christian Democracy is a distinctive political phenomenon that nourishes and nurtures a distinctive welfare state regime. The study of Christian Democratic 'vagueness' in terms of political program and ideology leads to the conclusion that distinctiveness arises out of the indeterminacy as to the concrete profile of the central political concepts of pluralism, accommodation and reconciliation. Christian Democracy appears to be more about method than about substance. Nevertheless, the continuous attempt to harmonize conflicting interests has given rise to a specific policy mix that mitigates the political salience of cleavages but does not aim at a transcendence of their social reality.

Christian Democracy's seemingly open-ended ideology has yielded a formidable capacity to adapt. Its central concepts precisely mirror and facilitate this unique capacity. Christian Democracy is therefore defined as fundamentally the embodiment of societal accommodation. Religion or religious appeal was identified as the mechanism for producing cross-cleavage appeal. Integration of a plurality of societal interests is not only a basic feature of the movement, it is its reason for existence.

The recognition of class differences and the supposition of class and cleavage reconciliation induces the necessity to reproduce the salience of class and other social cleavages and deny their political thrust at the same time. Social capitalism can be interpreted as the common core and solution of the eternal search for what is in this specific sense a 'middle way'. Social capitalism aims at the perpetuation of societal differences and transformation of their political effect. Social capitalism is indeed both capitalist and social. It allows virtually every class and social status group to organize and to exist without allowing conflicts among them to become politically dominant and threaten the stability of the construction. Christian Democracy interferes when fundamental social units fail to secure their own existence, whether this be the family, vocational entities or the market itself.

A corollary of this type of distinctiveness is that the precise configurations of social capitalism become historically contingent, although societal accommodation and

the integration of demands of the working class are always the heart of the package. There is no predetermined plan, there is only a predetermined mechanism. That is why social capitalist nations vary among themselves and yet, taken as a cluster, can be distinguished from other models of affiliating the market, the state and the family. It has mainly been the Catholic tradition which has accorded social capitalism its unity around the specific theory of state intervention. Subsidiarity's peculiarity lies not only in the prominence it accords to the lower social organs, but also in the emphasis on the duty of the state to act as a subsidizer of inadequacy, both of the market and of the family. The state steps in to abet and to restore self-responsibility and the capacity of lower members of the body politic to help themselves. While social misery was originally the effect of the failure on the side of the rich to perform their duties of charity, persisting poverty would now be the failure of the duty of the state to provide relief. Public authority on the Christian Democratic account has largely taken over the failing psychological mechanism of salvation panic.

I have identified two ways of viewing the relationship between Protestantism and welfare statism. The first stresses the Protestant revolution of religion as a major step towards secularization. In those nations in which the Reformation had a lasting impact and in which an intimate state-church relationship gradually developed, the conditions for the collectivization and nationalization of welfare services were most favourable. Protestant secularization prepared in a sense the way for Social Democratic welfare statism. The second interpretation does not accord any direct relationship between Protestantism and social capitalism either. On my account, Protestant social movements have had little to do with the development of this regime. In the Netherlands, for instance, it was the exclusion of the anti-interventionist Protestant politics that was crucial for a Catholic-Socialist coalition. In Germany, Protestant Liberalism became an integral part of Christian Democracy, which, in turn, facilitated an alliance with the secular Liberals. In Italy, Protestantism did not play any role for the obvious reason that in this nation the Reformation had little impact on popular religion.

The idea of historical contingency and the theory of structural dependence have allowed for the appreciation of three variants of social capitalism and Christian Democracy and for divergence in the historical fate of social capitalism and Christian Democracy. In Germany Christian Democracy relied more on an accommodation of

the centre and the moderate Right without having to disengage itself from working class support. Nevertheless, founded upon unique historical conditions and constraints, the balance of forces within society and within the movement accorded German Christian Democracy a more Conservative silhouette. Compared with the Netherlands social capitalism in this nation is accordingly less generous and more particularist. German political discourse hardly allows for the 'wohlfahrtsstaat', but nourishes the 'Sozialstaat'. In the Netherlands the exceptional conditions of an alliance between Social Democratic reformism and social Catholic 'correctivism' under the exclusion of anti-interventionist Protestantism yielded an exceptional form of generous, yet passive interventionism. Nevertheless, the dominance of traditional structures and ideologies - particularly with respect to the role of the family- has made the Dutch opt for sexual particularism. The welfare regime in this nation mirrors this facet in that the state almost became a *pater societas*. The Dutch accordingly speak of a 'verzorgingsstaat', that is a 'caring state' which not only transfers cash benefits, but has a heart for its people, too. Italian Christian Democracy has allowed its integrative capacity to pervert social capitalism into a form of unparalleled power accumulation. The effect of the peculiar conditions in this nation in the early period after the war was parliamentary inertness and sociopolitical incrementalism. In Italy, too, pre-war structures were reinstalled, but largely because nothing was done to prevent it. In a bizarre manner, the presence of church in the nation produced a formidable support for the Christian Democratic movement, which ultimately led to a search for alternative power resources. The historical legacy of a plurality of semi-statal institutions provided an opportunity to build a momentous double public power: the authority of the state and an intermediary level where Christian Democracy rules. In Italy, Christian Democracy does not appear to constitute societal accommodation, but the capacious field of semi-public institutions appears to facilitate the reconciliation of dissension within the movement. The Italians would rather use the term 'stato assistenziale' or 'stato previdenziale' (i.e. the 'assisting state', or 'providing state'), although it remains utterly unclear who assists who and who provides what.

In all three nations social policy has constituted a resource for power mobilization. Christian Democracies have managed to establish cross-cleavage cooperation without diluting social status and identities. In the course, they have moderated the

political salience of class and have forced the Left in a defensive position. In the Netherlands, Social Democracy was quick to adapt and consequently enjoyed the power to govern for a decade or so after the war. German Social Democracy was much slower in understanding the political presence and effect of an immensely integrative Christian inspired cross-Confessional movement. As a result, Social Democratic reformism had to wait until conditions changed and a modernization of the movement itself had taken place. The Communists in Italy may perhaps enter future governments now that they have even dropped the word 'Communist' and have turned into a quasi-Social Democratic movement that seeks to establish cross-class support. However, governmental power in Italy matters less than in the other nations and conflicts are likely to occur in the 'sottogoverno', if a historical compromise were feasible at all. The task for the former Communists is to resist the temptations of power in the 'sottogoverno' and turn this nation into a real democracy.

The historical fate of Christian Democracy is associated with the development of social capitalism. Failure to provide feasible accommodations for conflicting interests endangers the survival of Christian Democracy. Difficulties in providing cross-cleavage appeasement tends to reinforce class as a basis for political articulation and consequently weakens the appeal to workers through the vehicle of religion. In addition, the reliance on electoral appeal alone tends to threaten the possibilities for power mobilization. German Christian Democracy is the example of a movement which failed to become the embodiment of societal accommodation in the 1960s and which consequently lost the initiative in societal consensus building. The Dutch Christian Democracy successfully surmounted the Confessional differences under pressure of electoral and infrastructural disintegration. Only because it managed to re-ally forces in a renewed attempt to provide an integration of interests (including those of workers) did it manage to survive and increase in strength. Italian Christian Democracy has been most successful in investing power resources. It has created a plurality of resources that it employs not only to accommodate societal difference, but also to provide an outlet for intra-party rivalry. The difference between Italy on the one hand and Germany and the Netherlands on the other lies in the fact that in the former nation the method of reconciliation has become the goal of power. The structural characteristics of social capitalism in these nations have facilitated or rendered problematic the continued

reproduction of the power of Christian Democracy. Social capitalism may continue to provide a medium and outcome of Christian Democratic power under the condition that the movement manages to compose a plurality of resources throughout society and the state, continues to foster cleavages in the social realm and dilute their political salience through accommodation at the same time, and gradually replaces an outspoken religious appeal with a more soft-spoken and general enchantment of Christian morality.

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